

montañaverde

Bruce D. Greenberg, Inc.

SUMMARY APPRAISAL REPORT

OF THAT +/-607 HECTARES (+/- 1,500 ACRES) OCEANFRONT SITE
KNOWN AS THE PROPOSED
DIAMANTE CABO SAN LUCAS MASTER-PLANNED COMMUNITY

LOCATED JUST NORTH OF DOWNTOWN CABO SAN LUCAS,
BAJA CALIFORNIA SUR, MEXICO

FOR

DIAMANTE CABO SAN LUCAS, S. DE R.L. DE C.V.
MR. KENNETH A. JOWDY
GENERAL ADMINISTRATOR

BY

BRUCE D. GREENBERG, MAI, ASA, SRA
STATE OF ARIZONA CERTIFIED GENERAL REAL ESTATE APPRAISER
CERTIFICATE NUMBER 30031

BYRON BRIDGES
STATE OF ARIZONA CERTIFIED GENERAL REAL ESTATE APPRAISER
CERTIFICATE NUMBER 31173

AS OF

FEBRUARY 8, 2008

OUR JOB NUMBER M975-08

M975-08 Montana Verde/Bruce D. Greenberg Inc.

montañaverde

Bruce D. Greenberg, Inc.

March 7, 2008

Mr. Kenneth A. Jowdy
General Administrator
Diamante Cabo San Lucas, S. de R.L. de C.V.
175 East Reno Avenue, Suite C5
Las Vegas, Nevada 89119

Our File Number M975-08

Dear Mr. Jowdy,

At your request, we have prepared the following summary appraisal of that +/-607 hectares (+/- 1,500 acres) oceanfront site located just north of downtown Cabo San Lucas known as the proposed Diamante Cabo San Lucas master-planned community. Per data provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of Mr. Kenneth A. Jowdy, (hereinafter referred to as "the client") the subject site has approximately 2.35 lineal kilometers (+/- 1.46 lineal miles) of ocean frontage. The subject site is identified in the body of this report.

The purpose of this appraisal assignment is to provide the opinion of market value of the subject site proposed for the Diamante Cabo San Lucas master-planned community. The subject site is currently being developed. An 18-hole Davis Love designed golf course is under construction on the subject site with an expected completion date of Fall 2008. Currently, 7 holes have been grassed. Further, per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site has an approved masterplan for Phase I of the subject development, but is still in need of some approvals to begin construction of other phases of the subject site. Phase I has all approvals in place and is currently beginning development.

A portion of the subject property, a 210 acre parcel, located on the west side of the subject property that extends from the ocean to the rear of the subject property, as well as the beachfront area (+/-258 acres), have yet to be entitled. This is typical in an on-going development.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

At the request of Mr. Kenneth A. Jowdy, this appraisal assumes that the entire proposed subject development, including the 210 acre and 258 acre parcels that have yet to be entitled, have all approvals in place necessary for development and sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development in being phased, this will occur as future phases become developed.

However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

Thus, the subject site is being valued, "as if" with all approvals. Again, many approvals have already been granted.

The client for this assignment is Mr. Kenneth A. Jowdy. There are no additional intended users of this report. Additional readers may be only representatives of Mr. Kenneth A. Jowdy. There are no other additional readers of this report. The intended use of the appraiser's opinions and conclusions is for business decision.

THIS REPORT OR ANY PORTION THEREOF IS FOR THE EXCLUSIVE USE OF THE CLIENT FOR THE STATED PURPOSE AND INTENDED USE, AND IS NOT INTENDED TO BE USED, GIVEN, SOLD, TRANSFERRED, OR RELIED ON BY ANY PERSON OTHER THAN THE CLIENT WITHOUT THE PRIOR, EXPRESS WRITTEN PERMISSION OF THE AUTHORS, AS SET FORTH WITHIN THE UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS WITHIN THE BODY OF THIS REPORT.

The subject site is an oceanfront vacant tract of land having legal access from Highway 19 and being located just north of downtown (a few kilometers) Cabo San Lucas.

The subject property is assumed to be free and clear of any liens, mortgages, or other financial obligations, including delinquent taxes. Mr. Kenneth A. Jowdy states that the subject site is free and clear and has a Certificate of No Liens and we assume these factors to be correct and reliable. We have not been provided a title report.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The appraisal is presented in a summary format that has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and in compliance with the Office of the Comptroller of the Currency (OCC) regulation 12CFR34. Given the report is presented in a summary format it might not include full discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraisers opinion of value. Supporting documentation concerning the data, reasoning and analysis is retained in the appraiser's work file. The information contained in the report is specific to the needs of the client and for the intended use stated in the report. The client is knowledgeable of the subject site and area.

The land to be used for infrastructure, amenities, and common areas has no value except being intrinsic in the value of the subject property. In other words, the value of the lots within the residential parcels being valued would be much lower were it not for the infrastructure and amenities.

The subject property has been valued on an all cash, United States currency basis. The summary report or any portion thereof is for the exclusive use of the client for the above stated purpose and intended use, and is not intended to be used, given, sold, transferred, or relied on by any person other than the client without the prior, express written permission of the authors, as set forth within the Underlying Assumptions and Contingent Conditions within the body of this report.

This appraisal was written and completed in compliance with the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation. The appraiser is knowledgeable of the valuation theories and techniques applicable to the subject property and is competent to complete this assignment; the reader is referred to his qualifications that are included. This report also meets standards of the Appraisal Institute, American Society of Appraisers and the International Valuation Standards set forth in the Seventh Edition of the International Valuation Standards Committee.

Based upon the facts and analysis contained in this report, the following is indicated as of February 8, 2008.

ESTIMATED MARKET VALUE OF THE SUBJECT PROPERTY, "AS IF WITH FULL APPROVALS", CASH \$450,000,000 USD

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The reader is referred to the EXTRAORDINARY ASSUMPTIONS FOR THIS APPRAISAL, HYPOTHETICAL CONDITIONS ASSUMED FOR THIS APPRAISAL and to the STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL.

Conclusion Summary:

As shown throughout this report, the Development Cost Approach was deemed to be the most reliable method for a value conclusion. There was a lack of comparable sales in the Mexico market for a reliable value conclusion utilizing the Sales Comparison Approach for the entire site. We have completed many appraisals throughout Mexico in beachfront markets and have conducted extensive research of comparable sales. While there was sufficient data to support individual retail lot value conclusions, there were no comparables for the entire site due to a lack of beachfront land sales having entitlements in similar high-end locations. The following explains the reasoning why the Development Cost Approach was deemed to be the most reliable method for a value conclusion.

The subject property is located a few kilometers north of downtown Cabo San Lucas. Downtown Cabo San Lucas is highly sought after. Projects such as Cabo Pacifica (timeshares and fractionals, Pedregal, Hacienda, and smaller infill projects have been highly successful. Hacienda, a single-family/condominium project along the marina sold nearly 70% of their first phase (about 75 units) on their first day of sales (with pre-marketing). Recently, Wal-mart, Home Depot, Costco, and other American brands located within the downtown area.

There is very limited available beachfront land in the downtown area which has fueled high prices and strong demand. The subject area is an extension of the downtown area. Development in the subject area has seen strong demand due to the limited available land along the highly demanded Los Cabos Corridor or Sea of Cortez side of Los Cabos. High-end developments such as Palmilla, Cabo del Sol, Punta Ballena, Hacienda, and El Dorado have mostly sold out of their best product. Future developments such as Chileno Bay and Twin Dolphins have limited areas for high-quality product. Querencia, located across the highway from the ocean, which is typically much inferior to oceanfront developments, has seen strong demand with home prices up to \$10 million and lot prices above \$1 million. These prices and success were not thought possible just a couple years ago. This shows the strong demand for quality product, even in inferior locations.

Potential available land in the subject area are either much further up the highway from downtown Cabo, are small sites or are involved in lengthy litigation/title problems. This lack of supply has pushed development up the Pacific side of Los Cabos as well as the East Cape (north of Los Cabos on the Sea of Cortez side of the Baja peninsula). Cabo Pacifica will be a quality development

M975-08 Montana Verde/Bruce D. Greenberg Inc.

(located adjacent south of the subject), but has a diversity of product and much area due to topography that will limit its available high-end product. Rancho San Cristobal (adjacent north of the subject), will be more hotel oriented and less high-end than the subject. Other potential developments up the Pacific side will be much lower end than the subject giving limited competition. Thus, there is a lack of high-end competition, while there appears to be continued healthy demand.

Cabo Cortes, at least an hour north of San Jose del Cabo is the largest, newest development in the area. The lack of available land has forced Cabo Cortes and other developers to develop in these areas outside of the corridor. Hence, the limited supply is increasing the strong demand. The subject is benefiting by this trend.

Further, we have examined data in California and Hawaii. While there have been limited sales, there have been some recent large purchases. A +/-3,700 acre site in Southern California, sold for over \$1 billion dollars. This site had significant environmental issues to contend with as well as much demolition costs of existing buildings. Several sites in Las Vegas have sold for above \$500 million dollars. These sites did not have the benefit of a large amount of ocean frontage as the subject. While they are not exactly comparable, this shows that there are buyers that can pay huge sums of money for a residential development site and that prices in other markets exceed that of the subject.

Our retail value conclusions of lot values, while in the multi-million dollar range, are still about 25% to 30% below a similar development on the Los Cabos corridor, El Dorado. For example, our retail value conclusion of an oceanfront lot in the subject is \$6,500,000, while the last resale oceanfront lot in El Dorado sold for \$8,500,000. Absorption has been strong and similar to the subject's projected absorption. While the Pacific side is less demanded than the corridor, the subject development is proposed to have similar high-end quality and prestige as El Dorado. In Palmilla, an oceanfront home is currently listed for over \$20,000,000.

Further, our absorption is based upon similar absorption experienced in the high-end developments of Los Cabos. With the current lack of available land and the lack of available high-end product, our absorption projections are well within reason of the market. Los Cabos continues to attract high-end buyers from around the world. While the U.S. economy is having troubles, the high-end market in los Cabos continues to be strong. Recent research of absorption in current projects in Los Cabos supports this trend.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

In addition, we interviewed Mr. Robert Lawrence and Mr. Alan Conboy, appraisers in Hawaii; as well as CB Richard Ellis, Cushman Wakefield, NAI Global, Costar Comps, Loopnet, and others for data relating to high end developments and land sales in the high-end markets of Hawaii and California as well as Mexico. Our search revealed that while there have been many high-end residential units sold in these markets, there have been very limited sales of large land parcels due primarily to a lack of supply of available land. Hence, the lack of supply has pushed prices up in these markets. This similar trend is compelling the subject area to higher prices.

As stated in this report, the subject has received multiple offers, from \$135 million up to \$200 million, for a portion of the subject (about 261 acres or about 17% of the entire site). This portion does not have a golf course and is shaped long and skinny with limited beach frontage in comparison to its size. The price per acre of these offers is well above that of our concluded value. While this is reasonable giving this portion is smaller in size, the limited ocean frontage compared with the entire site is less and this is compelling support for our value conclusion.

In conclusion, the above analysis, which is further supported through this report, shows that while the value of the subject site is high, the data, development trends, and demand shows that the price is reasonable. Further, the subject is being valued "as if" all entitlements are in place.

In addition to the general assumptions and limiting conditions attached hereto, the market value reported is subject to the extraordinary assumptions directly related to the assignment, which, found to be false, could alter the value opinion.

Bruce D. Greenberg and Byron Bridges have inspected the subject property on a previous assignment. Bruce D. Greenberg has most recently inspected the subject area on February 25, 2008. Mr. Bridges most recently inspected the subject site February 8, 2008. We certify the fee was not contingent upon the value estimate contained herein; that we have no interest, present or prospective, in the property appraised. Furthermore, we certify that, to the best of our knowledge and belief, all statements and opinions contained in this report are correct, subject to the assumptions, hypothetical conditions, limiting conditions and certification which are made a part of this report.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Your attention is directed to the data and discussions contained within this report and to the exhibits, which are pertinent.

Respectfully submitted,



BRUCE D. GREENBERG, MAI, SRA, ASA
Certified General Real Estate Appraiser
Arizona Certificate #30031



BYRON BRIDGES
Certified General Real Estate Appraiser
Arizona Certificate #31173

M975-08 Montana Verde/Bruce D. Greenberg Inc.

APPRAISER'S CERTIFICATION

We hereby certify that, to the best of our knowledge and belief:

The statements of fact contained in this appraisal report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or contemplated future interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions, and conclusions are developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

We have completed the requirements under the continuing education program of the Appraisal Institute.

We have the appropriate knowledge and experience required to complete the assignment competently.

Bruce D. Greenberg and Byron Bridges have inspected the subject property on a previous assignment. Bruce D. Greenberg has most recently inspected the subject area on February 25, 2008. Mr. Bridges most recently inspected the subject site February 8, 2008.

No one provided significant professional assistance to the signers of this report unless noted. Further, no one other than the undersigned formed the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



BRUCE D. GREENBERG, MAI, SRA, ASA
Certified General Real Estate Appraiser
Arizona Certificate #30031



BYRON BRIDGES
Certified General Real Estate Appraiser
Arizona Certificate #31173

M975-08 Montana Verde/Bruce D. Greenberg Inc.

TABLE OF CONTENTS

	<u>PAGE</u>
APPRAISER’S CERTIFICATION	8
TABLE OF CONTENTS	9
EXTRAORDINARY ASSUMPTIONS FOR THIS APPRAISAL	10
HYPOTHETICAL CONDITIONS ASSUMED FOR THIS APPRAISAL	13
STANDARD ASSUMPTIONS AND LIMITATIONS OF THIS APPRAISAL	14
SUBJECT PHOTOS	17
CLIENT & OTHER INTENDED USERS	20
INTENDED USE OF THE APPRAISER’S OPINIONS & CONCLUSIONS	20
TYPE, DEFINITION, & SOURCE OF MARKET VALUE	21
EFFECTIVE DATE OF THE APPRAISER’S OPINIONS & CONCLUSIONS	21
IDENTIFICATION OF THE SUBJECT & ITS RELEVANT CHARACTERISTICS	22
OWNERSHIP HISTORY	28
INTEREST TO BE APPRAISED	29
SCOPE OF WORK	32
LOCATIONAL INFLUENCES	36
PROPERTY DESCRIPTION	130
HIGHEST AND BEST USE	144
ABSORPTION ANALYSES	147
VALUATION	158
ESTIMATED MARKETING AND EXPOSURE PERIODS	249
APPRAISERS’ QUALIFICATIONS	250
ADDENDA	257

EXTRAORDINARY ASSUMPTIONS FOR THIS APPRAISAL

IN ADDITION TO THE GENERAL ASSUMPTIONS AND LIMITING CONDITIONS ATTACHED HERETO, THE VALUES REPORTED ARE SUBJECT TO THE FOLLOWING EXTRAORDINARY ASSUMPTIONS DIRECTLY RELATED TO THE ASSIGNMENT, WHICH, FOUND TO BE FALSE, COULD ALTER THE VALUE OPINION. ACCORDING TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP), AN EXTRAORDINARY ASSUMPTION IS DEFINED AS “AN ASSUMPTION, DIRECTLY RELATED TO A SPECIFIC ASSIGNMENT, WHICH, IF FOUND TO BE FALSE, COULD ALTER THE APPRAISER'S OPINIONS OR CONCLUSIONS.” (USPAP, 2005 ED.):

This valuation report is subject to the following factors:

- 1) The subject property is assumed to be free and clear of any liens, mortgages, or other financial obligations, including delinquent taxes.
- 2) The sizes and depictions of the subject property presented in the materials provided by Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, General Administrator, being correct and reliable. Specifically, per data provided by Mr. Kenneth A. Jowdy and representatives of Mr. Kenneth A. Jowdy, the subject site is approximately 1,500 acres and has approximately 2.35 lineal kilometers (+/- 1.46 lineal miles) of ocean frontage.

The table in the Property Description section of this report shows the proposed uses of the subject development plan as provided Mr. Kenneth A. Jowdy and by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client. We assume that these uses are all legally and physically possible.

- 3) No environmental or engineering studies were provided and this report assumes the subject is free of environmental conditions that adversely affect its use and value. Further, per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site has an approved masterplan for Phase I of the subject development, but is still in need of some approvals to begin construction of other phases of the subject site. A portion of the subject property, a 210 acre parcel, located on the west side of the subject property that extends from the ocean to the rear of the subject property, as well as the beachfront area (+/-258 acres), have yet to be entitled. This is typical in an on-going development. An approved masterplan usually includes all environmental and engineering approvals. We

M975-08 Montana Verde/Bruce D. Greenberg Inc.

assume that the subject site is free and clear of any contaminations. We are not experts in these matters. Therefore, we assume these factors to be correct and reliable;

- 4) The subject property is assumed to have a legal and transferable title;
- 5) A stabilized and/or growing economy; and/or no peso devaluation or adverse economic effect to said area;
- 6) According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject property has legal access from Highway 19. According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject master-planned community has legal access from Highway 19 through Senõr Diaz's property along the public road maintained by the municipality that runs to the municipal desalination plant. We assume this to be correct and reliable;
- 7) That the subject site can legally contain the proposed number of units and uses for sale as designated by the masterplan provided by Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, in the open marketplace.

According to a zoning map completed by Centro de Estudios de Urbanismo Y Arquitectura S.A. d C.V, for the Gobierno del Estado Baja California Sur (state government of Baja California Sur), it appears that the Diamante Cabo San Lucas master-planned community is zoned as follows: RTO - Turistico Residencial (Tourist Residential), a low residential density and ATO – Turistico Hotelero (a high density residential/hotel zone). The subject also includes some areas that are protected such as dunes and arroyos, designated as areas of conservation. While the zoning map shows that the entire beachfront is protected, The Los Cabos Master Plan allows development within these areas, provided certain conditions are met. The client is currently pursuing approval for development within the beachfront parcels at the local level. The client anticipates receipt of these approvals within the next 6 to 8 months. We assume that these areas can be developed as dictated by the approved masterplan. We assume this to be correct and reliable.

Per Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the approved allowable surface area of the subject that may be occupied by vertical improvements is approximately 2,644,424 square meters (+/- 653 acres). Approximately 3,173,309 square meters (+/-784 acres) of gross floor area can be

M975-08 Montana Verde/Bruce D. Greenberg Inc.

developed onsite. Therefore, because of this zoning and the approvals currently on the subject site, the subject development appears to conform to all necessary zoning regulations and laws. We assume this to be correct and reliable.

- 8) That proper “local” experts, experienced management and marketing professionals with the understanding of all legal, economic, environmental and physical factors, which affect the success of the subject project are in place; that proper experts, experienced tax and accounting management with a proper understanding of all Mexican Hacienda tax issues and burdens, which affect the subject project are in place;
- 9) Valuation conclusions are based upon United States dollar currency;
- 10) Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject has access to all utilities in sufficient capacity for future development of the subject site at the planned density. We assume these factors to be correct and reliable;
- 11) The local municipality typically requires that 10% of the site be donated to the municipality for open space. The site size utilized in the valuation is assumed to be before this donation.
- 12) The subject, within the proposed masterplan, has proposed some very high-end amenities. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, these include:
 - Professional Athletic Field and Sport Facilities
 - Three Signature Golf courses. The Davis Love course is currently being constructed and will open in the Fall of 2008. Phil Mickelson will design a second course, the “Oasis Course”, due to start construction in April 2009. One other Signature course is planned.
 - Associated Signature high-end golf clubs.
 - High-end hotel with full services available to all owners in subject development
 - Beach club
 - Health Club
 - Equestrian Center

M975-08 Montana Verde/Bruce D. Greenberg Inc.

It should be noted that these amenities will be at the level or beyond of El Dorado beach and Golf Club (located in Los Cabos corridor). Currently, El Dorado is the highest-end development in Los Cabos and is very successful due to these amenities. We assume that the subject will have near the same level of service, quality, and amount of amenities as shown and as comparable to El Dorado.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE MARKET VALUE OPINION OF THE SUBJECT PROPERTY. WE RESERVE THE RIGHT TO RE-APPRAISE THE SUBJECT PROPERTY IN THE EVENT ANY OF THE ABOVE CONDITIONS CHANGE FOR AN ADDITIONAL FEE.

HYPOTHETICAL CONDITIONS ASSUMED FOR THIS APPRAISAL

IN ADDITION, THE VALUES REPORTED ARE SUBJECT TO THE FOLLOWING HYPOTHETICAL CONDITIONS DIRECTLY RELATED TO THE ASSIGNMENT, WHICH, FOUND TO BE DIFFERENT, COULD ALTER THE VALUE OPINION. ACCORDING TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP), AN HYPOTHETICAL ASSUMPTION IS DEFINED AS “THAT WHICH IS CONTRARY TO WHAT EXISTS BUT IS SUPPOSED FOR THE PURPOSE OF ANALYSIS. HYPOTHETICAL CONDITIONS ASSUME CONDITIONS CONTRARY TO KNOWN FACTS ABOUT PHYSICAL, LEGAL, OR ECONOMIC CHARACTERISTICS OF THE SUBJECT PROPERTY; OR ABOUT CONDITIONS EXTERNAL TO THE PROPERTY, SUCH AS MARKET CONDITIONS OR TRENDS; OR ABOUT THE INTEGRITY OF DATA USED IN AN ANALYSIS.” (USPAP, 2006 ED.).

1. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, Phase I has all approvals in place and is currently beginning development. At the request of representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, this appraisal assumes that the entire proposed subject development, including a portion of the subject property, a 210 acre parcel, located on the west side of the subject property that extends from the ocean to the rear of the subject property, as well as the beachfront area (+/- 258 acres), that have yet to be entitled, have all approvals in place necessary for development and sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development is being phased, this will occur as future phases become developed. However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

Thus, the subject site is being valued, “as if” with all approvals

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE MARKET VALUE OPINION OF THE SUBJECT PROPERTY. WE RESERVE THE RIGHT TO RE-APPRAISE THE SUBJECT PROPERTY IN THE EVENT ANY OF THE ABOVE CONDITIONS CHANGE FOR AN ADDITIONAL FEE.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

The liability of the firm and employees of Valuaciones Montaña Verde S.A. de C.V. and Bruce D. Greenberg, Inc. is limited to the client only and to the fee actually received by the firm.

These appraisers are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; whether physical, financial, and/or legal. In the care of limited partnerships, or syndication offerings, or stock offerings in real estate, the client agrees that in case of a lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards or settlements of any type in such suit, regardless of the outcome, the client and all parties will completely hold harmless the firm of Valuaciones Montaña Verde S.A. de C.V. and Bruce D. Greenberg, Inc., its employees and/or agents in any such action.

The validity of legal, engineering, or auditing opinions is assumed to be good, and no responsibility is assumed therefore.

Unless otherwise stated, we assume and believe that the information furnished to us by others is reliable, but we assume no responsibility for its accuracy.

Should this valuation opinion be ascribed in regard to proposed public or private improvements, then in that event, this appraisal is subject to the completion thereof in the manner proposed.

These appraisers reserve the right to alter statements, analysis, conclusion or value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process, which were unknown to us when the report was finished. Appraisal report and value estimate are subject to change if physical or legal entity or financing is different than that envisioned in this report.

The title to the property being appraised is assumed to be marketable and competent management and/or ownership is assumed. Consideration has been given to the existing or potential financing associated with the subject and the impact of such financing on value.

These appraisers were not provided with any environmental and/or land use history studies for the subject property. The existence of hazardous material has been considered; however, I am not qualified to detect such substances or materials. I assume that no such materials adversely affect the utility, usability, or developability of the property. Unless otherwise stated within my report, the existence of hazardous material may or may not be present within or on the property.

The presence of substances such as contaminated ground water or radon may affect the value of the property. The value estimate(s) will be predicated on the assumption that there is no such contamination of the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials and/or substances are discovered, I reserve the right, for an additional agreed upon fee, to re-analyze and re-appraise said property, taking into account the discovery of such factor and its effect on the value of the subject property

M975-08 Montana Verde/Bruce D. Greenberg Inc.

These appraisers have inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil, or hidden structural, mechanical, or other components, and these appraisers shall not be responsible for defects in the property stated thereto. We assume that there are no conditions that are not apparent, relating to the real estate, sub-soil conditions, or structures located on the real estate, which would affect my analysis, opinions, or conclusions with respect to the real estate.

Maps, drawings, or sketches have been made a part of the report to aid the reader in visualizing the property, neighborhood, and region. I have made no survey of the property and assume no responsibility in connection with such matters.

The distribution of the total valuation between land and any improvements applies only under the program of utilization and invalidated under other programs of utilization, or conditions if used in making a summation appraisal.

We are not required, because of this appraisal report, to appear or to testify at a public hearing, committee, or corporate meeting, deposition, or legal proceeding of any kind unless satisfactory arrangements have been made in advance for our appearance.

The possession of this appraisal report does not include the right of its publication without our consent, nor may it be used for any purpose other than its intended use.

This report or any portion thereof is for the exclusive use of the client for the stated purpose and function and is not intended to be used, given, sold, transferred, or relied on by any person other than the client without the prior, express written permission of the author. Use of or reliance upon this report by third parties is specifically prohibited. We assume no responsibility for potential claims arising from unauthorized use of this report, or any portion thereof. The client will forever indemnify and hold Valuaciones Montaña Verde S.A. de C.V./Inc. and Bruce D. Greenberg, Inc. and its officers and employees harmless from any claims by third parties related in any way to the appraisal or study which is the subject thereof.

The appraisal report is meant to be used only in its entirety; no part may be used without the full or entire report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public actions, news, sales, or other media without the written consent and approval of the author, particularly as to the value conclusions, the identity of the appraiser or the firm with which they are connected or any reference to the Appraisal Institute, or to the MAI, the American Society of Appraisers or the ASA designation.

Except for data provided by the client and/or the property owner, all data gathered in the appraisal process and the appraisal report itself remain our property.

Unless otherwise stated, the present purchasing power of the United States Dollar is the basis for the values ascribed.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The client authorizes disclosure of all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute and the American Society of Appraisers if such disclosure is required to enable us to comply with the bylaws and regulations of said Institute hereafter in effect.

Acceptance of, and/or use of, this appraisal report by the client constitutes acceptance of the above underlying assumptions and limiting conditions, as well as the specific assumptions detailed in the Letter of Transmittal and Appraiser's Certification sections of the appraisal report.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SUBJECT PHOTO



BEACH



ACCESS

M975-08 Montana Verde/Bruce D. Greenberg Inc.



LAKE/WATER RESERVOIR



OCEAN AND GOLF VIEW

M975-08 Montana Verde/Bruce D. Greenberg Inc.



GOLF AND MOUNTAIN VIEW



PROTECTED DUNES

CLIENT AND OTHER INTENDED USERS

The client for this assignment is Diamante Cabo San Lucas, S. de R.L. de C.V., by Mr. Kenneth A. Jowdy, General Administrator. There are no additional intended users of this report. Additional readers will only be representatives of Mr. Kenneth A. Jowdy. There are no other additional readers of this report.

INTENDED USE OF THE APPRAISER'S OPINIONS & CONCLUSIONS

The intended use of the appraiser's opinions and conclusions is for business decision purposes.

TYPE OF REPORT

This is a Summary Appraisal Report assignment, which is intended to comply with the reporting requirements set forth under Standards Rule 2 (b) of the Uniform Standards of Professional Appraisal Practice. As such, it represents pertinent discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. Notwithstanding, this report is the result of the complete appraisal process. This summary report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This report also meets standards of the Appraisal Institute, American Society of Appraisers and the International Valuation Standards set forth in the Seventh Edition of the International Valuation Standards Committee.

In the course of preparing this report the appraisers:

- A) Inspected the subject property.
- B) Researched local and competing real estate and economic conditions.
- C) Comparable data was confirmed with parties to the transaction.
- D) The abstraction of comparable sales through public records is almost impossible in the Republic of Mexico. There is a public registry that is available to only family

M975-08 Montana Verde/Bruce D. Greenberg Inc.

members and/or government officials. Therefore, the access of comparable sales through a mass registry system is not available to these appraisers. In order to confirm information, numerous real estate agents and developers were interviewed to cross- check data gathered for this valuation.

Recently, these appraisers conducted an in-depth market study of the Los Cabos region for a client that is lending in Los Cabos. From this report, the market dynamics, as well as future supply and demand of projects in this region were analyzed. Within the neighborhood analysis of this report are parts of this larger study.

TYPE, SOURCE and DEFINITION OF MARKET VALUE

As utilized in this report, market value is hereby defined as:

"The most probable price which the property would bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."

Source: Appraisal Institute, The Appraisal of Real Estate, 12th edition.

EFFECTIVE DATE OF THE APPRAISER'S OPINIONS & CONCLUSIONS

The effective date of valuation is February 8, 2008, the date of the most recent inspection of the subject site. Bruce D. Greenberg inspected the subject property on a previous assignment. Bruce D. Greenberg has most recently inspected the subject area on February 25, 2008. Byron Bridges most recently inspected the subject site February 8, 2008.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

IDENTIFICATION OF SUBJECT AND ITS RELEVANT CHARACTERISTICS

DATE OF REPORT: February 26, 2008

EFFECTIVE DATE OF VALUE: February 8, 2008

PURPOSE OF APPRAISAL: The purpose of this appraisal assignment is to provide the opinion of market value of the subject site proposed for the Diamante Cabo San Lucas master-planned community.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, for Phase I, the approved masterplan is in place and is currently beginning development. At the request of representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, this appraisal assumes that the entire proposed subject development has all approvals in place necessary for development and sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development is being phased, this will occur as future phases become developed. However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

Thus, the subject site is being valued, “as if” with all approvals.

INTEREST APPRAISED: Legal and transferable fee simple title is assumed.

OWNERSHIP: Title to the subject site is vested in the name of Diamante Cabo San Lucas, S. de R.L. de C.V..

M975-08 Montana Verde/Bruce D. Greenberg Inc.

LOCATION:

The proposed Diamante Cabo San Lucas master-planned community site is located just north of downtown (a few kilometers) Cabo San Lucas, Baja California Sur, Mexico. The main access point to the Diamante Cabo San Lucas master-planned community site is located just north of downtown Cabo San Lucas at about kilometer 121 along Highway 19.

SITE SIZE:

According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site totals a size of 607 hectares (+/- 1,500 acres) having approximately 2.35 lineal kilometers (+/-1.46 lineal miles) of ocean frontage. The subject site has a similar amount of frontage along Highway 19. We assume these factors to be correct and reliable.

The table in the Property Description section of this report shows the proposed uses of the subject development plan as provided by Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client. We assume that these uses are all legally and physically possible.

SITE SHAPE:

The subject is generally rectangular in shape. The subject property is generally conducive to development. The shape is noted on the exhibits provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client.

SITE CHARACTERISTICS/
TOPOGRAPHY:

The subject site is an oceanfront tract of land. The topography of the subject site is gently sloping toward the ocean. As such, the subject topography allows for good ocean views from many parts of the property. The topography of the subject site is considered to be conducive for its eventual development. The topography will allow engineering for lots with views of the Pacific Ocean, which

typically demand a premium in the market. There are many small arroyos that run down the site from these mountain areas to the ocean.

The subject site is currently being developed. An 18-hole Davis Love designed golf course is under construction on the subject site with an expected completion date of Fall 2008.

Further, a road and utilities lines are along the northern boundary of the subject site going to the municipal desalination plant that was recently constructed.

ACCESS:

The subject proposed master-planned community is located between the Pacific Ocean and an adjoining property owned by Senõr Victor H. Cesena Diaz. Senõr Diaz's property abuts Highway 19. According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject master-planned community has legal access from Highway 19 through Senõr Diaz's property along the public road maintained by the municipality that runs to the municipal desalination plant.

Located adjacent to the subject master-planned community, is this desalination plant that is owned and operated by the local governmental water authority, OOMPAS. There is a public access road that travels along the northern edge of the subject site. From this road, the subject property can be accessed. We assume that there are no adverse easements negatively affecting the subject property.

The highway, which passes by the subject property, is currently being widened from two to four lanes.

UTILITIES:

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject has access to all utilities in sufficient capacity for future development of the

subject site at the planned density. Please refer to the Site Data section for further details.

ZONING/ENTITLEMENTS:

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site has an approved masterplan for Phase I of the subject development, but is still in need of some approvals to begin construction of other phases of the subject site. A portion of the subject property, a 210 acre parcel, located on the west side of the subject property that extends from the ocean to the rear of the subject property, as well as the beachfront area (+/-258 acres), have yet to be entitled. This is typical in an on-going development.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, for Phase I, the approved masterplan is in place and is currently beginning development. At the request of representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, this appraisal assumes that the entire proposed subject development, including the 210 acre and 258 acre parcels, that have yet to be entitled, have all approvals in place necessary for development and sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development is being phased, this will occur as future phases become developed. However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

According to a zoning map completed by Centro de Estudios de Urbanismo Y Arquitectura S.A. d C.V, for the Gobierno del Estado Baja California Sur (state government of Baja California Sur), it appears that the Diamante Cabo San Lucas master-planned community is zoned as follows: RTO - Turistico Residencial (Tourist Residential), a low residential density and ATO – Turistico Hotelero (a high density residential/hotel zone). The subject also includes some areas that are protected such as dunes and arroyos, designated as areas of conservation. While the zoning map shows that the entire beachfront is protected, The Los Cabos Master Plan allows development within these areas, provided certain conditions are met. The client is currently pursuing approval for development within the beachfront parcels at the local level. The client anticipates receipt of these approvals within the next 6 to 8 months. We assume that these areas can be developed as dictated by the approved masterplan. We assume this to be correct and reliable.

Per Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the approved allowable surface area of the subject that may be occupied by vertical improvements is approximately 2,644,424 square meters (+/- 653 acres). Approximately 3,173,309 square meters (+/-784 acres) of gross floor area can be developed onsite. Therefore, because of this zoning and the approvals currently on the subject site, the subject development appears to conform to all necessary zoning regulations and laws. We assume this to be correct and reliable..

HIGHEST AND BEST USE:

The highest and best use of the subject is for investment speculation with eventual mixed-use development. This use is legally permissible, physically possible, and financially feasible as well as a reasonable use. The subject benefits from having 1.46 lineal miles of ocean frontage along the

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Pacific Ocean as well as being in relative close proximity to downtown Cabo San

MARKETING TIME:

Sale within 6 months to 2 years.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



LISTING/PRIOR SALES/OWNERSHIP HISTORY

Per Mr. Kenneth A. Jowdy, title to the subject proposed Diamante Cabo San Lucas master-planned community site is vested in the Trust of Diamante Cabo San Lucas, S. de R.L. de C.V. (“the client”), who is the owner and developer of the subject site pursuant to the terms of the Trust.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client the 1,500-acre subject site was sold to Diamante Cabo San Lucas, S. de R.L. de C.V., for a price of \$65,000,000 on March 10, 2006. This sale was entered into contract in January 2005. The seller was Don Atilio Colli Villarino and Dona Alicia Cesena Agundez de Colli. According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the current owner has owned the property for about 40 years.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the seller and Mr. Jowdy have a strong friendship. Further, due to health reasons of the seller, the subject was sold at a price below market as the subject site was never publicly marketed for sale.

According to the Appraisal Institute, Dictionary of Real Estate, 4th edition, the subject sale does not conform with the definition of market value. Knowledgeable real estate parties did not represent the sellers nor were the properties ever listed for sale as the buyer approached the seller directly. Thus, the seller’s were not acting prudently or knowledgeably and the land did not have reasonable exposure time in a competitive market. These conditions, which are requisite for a fair sale, did not occur.

We are aware of no other transfers of the subject property in the previous three years.

We did not research the sales or transfer history of the subject property (other than the title report) and comparable sales. The Public Registry is not accessible to allow for this process. No record search conducted on either subject property or comparable sales. We assume clear and marketable title for the subject property and comparable sales. Same state will be cited for entire section. We utilize market confirmed transactions provided by the sales agent involved in the

M975-08 Montana Verde/Bruce D. Greenberg Inc.

sales transaction.

Unlike the United States, in Mexico there is no source of public records of Real Estate sales to serve as a second verification source of the sales price of a property. As a result, the source of sales data and any prior sales is limited to the agents involved in the sales of the comparables in addition to the sales data retained in our office files from previous appraisals. It is assumed that the data provided by these agents is correct and reliable.

The reader should be aware; the abstraction of comparable sales or prior sales through public records is almost impossible in the Republic of Mexico. There is a public registry that is only available to family members and/or governmental officials. Therefore, the access of comparable sales through a mass registry system is not available to this consultant. In order to confirm information numerous brokers and developers in the area were interviewed to crosscheck data gathered for this valuation. The comparable sales are recent and are considered the best available for the valuation of the subject property.

PROPERTY RIGHTS APPRAISED

The interest to be appraised is the fee simple interest arising from legal and transferable title assumed.

The subject property is assumed to be free and clear of any liens, mortgages, or other financial obligations, including delinquent taxes. Representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client states that the subject site is free and clear and has a Certificate of No Liens and we assume these factors to be correct and reliable. We have not been provided a title report.

TRUST INFORMATION

HOW FOREIGNERS CAN PURCHASE REAL ESTATE IN MEXICO.

In the past few years, there have been vast changes in Mexican Law to enable foreign entities to invest in Real Estate along Mexico's coastal and border areas, once restricted from foreign (i.e. non-Mexican) investment of any kind. Now, foreigners can have 100% control of property in Mexico through a Real Estate Bank Trust.

DEFINITION & MECHANISMS.

A "Fideicomiso" or Real Estate Bank Trust is defined for real estate purposes as a transaction between a Mexican Bank and a foreign individual or entity investing in areas otherwise restricted to foreign investment, with the Bank serving as a trustee or legal owner with respect to a certain real property interest and the investor serving as the legal beneficiary of the Trust. The Bank holds the title to the property in trust for the beneficiary who retains the exclusive right to use and control the property.

As a trustee, the Bank acts on behalf of the beneficiary in transactions involving the property held in trust. However, the beneficiary controls and makes investment decisions regarding the property, including the decision to transfer, assign or otherwise dispose of his or her interest in the property. The trust is essentially a contractual arrangement which, in most respects, is identical to the type of trust commonly used in The United States of America. Trusts are established for initial 50 year periods and can be renewed.

INVESTMENT IN REAL ESTATE THROUGH TRUST.

New rules governing foreign investment through a Real Estate Bank Trust were put into effect in 1993. These rules provide the stability and protection of legal certainty for foreign investments. Mexican Law now expressly provides that at the end of the 50 year term of the trust, upon request, the Mexican Government will issue a new permit. Also, if an interest in Real Estate held under a

M975-08 Montana Verde/Bruce D. Greenberg Inc.

trust is sold or conveyed, the transferee can obtain a permit which provides for a new 50 year term no matter how much time remains on the original trust.

While a Mexican Bank holds title to the property in these transactions, the Bank is legally obligated to follow terms outlined in the trust documents that comply in all areas with the request of the foreign investor who is the trust beneficiary. As the beneficiary, the foreign investor has an exclusive right to use, occupy and possess the trust property, including the right to build upon it, subject to applicable regulations. In addition, the beneficiary may transfer or assign his beneficial interest or rent the Trust property and keep the profits from the sale or rent of the property, subject to Mexican law.

Foreigners who decide to invest in real estate in Mexico agree, because of such action, not to invoke the protection of their governments with respect to such properties.

The above information has been provided only to educate the reader.

SCOPE OF WORK

USE

The scope of this appraisal includes a brief analysis of the neighborhood and region in general. Specific data pertaining to the subject property was obtained from: 1) physical inspection; 2) client; and 3) other real estate participants.

Recent sales were researched within the subject and competitive market areas. The land sales were gathered from two main sources: Bruce D. Greenberg, Inc. and Valuaciones Montaña Verde S.A. de C.V./Inc. and exclusive and proprietary data bank and conversations with professionals including attorneys and real estate developers and real estate agents.

In addition to this information, interviews with these people were pertinent to the conclusions of the appraisal assignment.

1. Mr. Kenneth A. Jowdy, client
2. Representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client such as Mr. Greg Carafiello.
3. Other market participants familiar with the subject site area including but not limited to individuals within the Snell, Pisces, Desierto Verde, Prudential, RE/MAX, Vantage, Cabo Pacifica, Coldwell Banker, Century 21 and other organizations as well as developers, architects, and market participants familiar with resort real estate in Los Cabos. Further, information from many previous appraisals this office has conducted has been utilized
4. In addition, we interviewed Mr. Robert Lawrence and Mr. Alan Conboy, appraisers in Hawaii; as well as CB Richard Ellis, Cushman Wakefield, NAI Global, Costar Comps, Loopnet, and others for data relating to high end developments and land sales in the high-end market of Hawaii and California as well as worldwide. Please Conclusions section in Letter of Transmittal for further discussions on these data sources.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following information was requested.

- Provide names of other users of the report (provided)
- Copy of pending purchase Contracts (not applicable)
- Title Report (not provided)
- Survey (provided previously)
- Engineering report/s (not provided)
- Environmental and ecologic reports (verbally provided)
- Copy of easement/s (verbally provided)
- Federal Concession (verbally provided)
- Government permits in process and/or granted (verbally provided)
- Utility service information (verbally provided)
- Zoning information (provided)
- Tax information (not provided)
- Development concept plans (provided)
- Acquisition and development budgets (provided)

It is noted that some of the requested information is premature given the site is in the pre-development stage/first stages of development. As stated, these factors have been included as extraordinary assumptions directly related to the assignment, which, found to be false, could alter the value opinion.

Bruce D. Greenberg. Bruce D. Greenberg has most recently inspected the subject area on February 25, 2008. Mr. Bridges most recently inspected the subject site February 8, 2008. Mr. Bridges drove throughout the subject property and to the beach area. From these areas the entire property could be adequately viewed revealing the slope, vegetation, and ocean views from most parts of the site.

ANALYSES

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sections comprising the first portion of the report include: the Date of Value, Intended Use, Intended User of the Appraisal; Scope of the Appraisal; the Property Identification and Neighborhood Data; Site Analysis; and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value is determined.

The second portion of the report contains the approaches to value that are employed in determining the market value of the fee simple interest in the subject property.

In order to estimate the value of a specific property interest in a vacant parcel, typically two methods are considered: the sales comparison approach and the development cost approach. Whenever applicable, both approaches are applied in order to derive a well-substantiated estimate of value and to support the conclusion of highest and best use. Each of these approaches has its advantages as well as disadvantages, depending on the particular assignment. Each of the following approaches has been considered.

Sales Comparison Approach is an application of the principle of substitution, which affirms that, when a property can be replaced, its value tends to be set by the cost of acquisition of an equally desirable property that can be acquired without undue delay or cost. The sales comparison approach posits that the most probable selling price of the subject property is indicated by the selling prices of other property with similar physical and legal characteristics. In valuing the subject, a sufficient amount of data was available for a supporting conclusion to the more reliable development cost approach.

The **Development Cost Approach** can also indicate the value of a property. This approach to value blends the cost approach to value and income approach to value. The sales price of the retail parcels are projected over the absorption period. Sales expenses incurred in the development offset income generated by sales for each period during the absorption period. The net cash flow is then discounted at an appropriate rate, establishing the present value of the subject property. This is the most reliable approach for valuing the subject property.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

This methodology reflects and cross checks the highest and best use of the property and establishes the reasonable probability that the subject development is feasible.

LOCATIONAL INFLUENCES

MEXICO OVERVIEW

Mexico at a Glance

Situated to the south of the United States and to the North of Central America, Mexico remains a centerpiece of the Americas. With a population of 108 million people, 6,000 miles of beaches along 4 bodies of water, impressive biodiversity, dramatic landscapes, and diverse regional cultures, Mexico appears poised to create an enviable future for its people. Latin American countries to the south look up to Mexico as a model for economic development and political progress. Meanwhile, Mexico looks north to the US and Canada as sources of investment and economic opportunity.

In the early 90's, the liberalization of international commerce took center stage with the signing of NAFTA. Since then the two-way exchange of goods, capital and people has increased dramatically between Mexico and its neighbors. Although the attitudes toward NAFTA are mixed within Mexican society and politics, the current leadership and business community have embraced this growth and continue to strive for more. The political and economic prospects for the future appear positive and will be discussed in-depth from a perspective relevant to real estate development in Mexico.



Political Snapshot

President Vicente Fox of the PAN party was elected in July 2000 to a 6-year term. He was the first Mexican leader, in 70 years, to be elected in a fair election, signaling a change in traditional politics by defeating the PRI political party. Despite the significance of his historic victory, Fox's critics cite his failure to persuade Congress to pass many of his most important initiatives and fiscal reforms. However, it is widely acknowledged that Fox was responsible for implementing the legal reforms that laid the foundations for a property-owning democracy in México.

A new chapter of México's history has opened with the expiration of Fox's mandate in July 2006, and the election of Felipe Calderón on December 1, 2006. Calderón, also of the PAN party, has indicated that he will follow the direction of his predecessor by continuing to open México's business and real estate environments, in order to advance the economy. He campaigned as a conservative, and emphasized his support of free trade and close ties with the U.S.

Since his election, Calderon has already passed fiscal and social reforms, which few people thought would receive approval from congress, and has convinced many skeptics that his term will produce substantial economic progress. If Calderon's success thus far is any indication of his future potential, it is apparent that the Mexican economy will continue embrace global interaction and that the business environment will continue to be attractive.

*September 17, 2007,
President Calderon
succeeded in passing a fiscal
reform through congress
that will generate \$10 billion
of additional revenue in
2008.*

*The reform will instate a
corporate flat-tax of 16.5%
in 2008 and will slowly
increase to 17.5% in 2010.*

*Perhaps the fiercest
opposition to Calderon's
agenda is voiced in response
to his proposed
constitutional reform, which
would allow foreign
interests to gain ownership
within the Mexican energy
industry.*

*"We will account for every
peso that citizens have given
to the government.
Transparency and
accountability are the
responsibility of every
democratic government."
-Felipe Calderon-*

Economic Snapshot

Historically, Mexico's economic performance has been closely linked to the US economy & global oil prices. Although oil revenues remain one of the cornerstones of Mexico's economy, dwindling reserves have prompted many to suggest increased governmental spending on exploration and infrastructure, to maintain that pillar of the economy.

Manufactured goods are another sector whose economic impact should not be understated. Mexican leaders have been successful in signing free-trade agreements, in addition to NAFTA, with a host of countries including Japan, and members of the Eurozone. Although this has diversified the Mexican export markets, the heavy reliance on trade with the US remains a vulnerability to the economy. Additionally, Mexican manufacturers' exports have been negatively affected by competition from emerging markets such as China, generating an increased interest in more sustainable injections in the form of FDI.

Foreign investment in real estate has emerged as one viable alternative. Much like diversification of exports, capturing investors from a wide range of countries is a strategy for long-term stability. With the majority of buyers being from the US, and the current ailing US real estate market, Mexico's second-home market is being tested for the first time. The market in Mexico, however, appears to be largely unaffected, lending credence to the long-term viability of this sector.

As GDP per capita in Mexico gradually increases, the capacity for domestic consumption will also grow. This will not only be apparent in consumer goods and services but in domestic demand for housing as well. In President Fox's last year in office, 750,000 new homes were constructed to target the low-end market and fill the deficit of housing units. With increased subsidies to the poor, and more extensive use of mortgages, President Calderon has vowed to surpass that benchmark and construct 1,000,000 homes per year.

A structural change occurring in the domestic housing market is the availability and usage of mortgage financing. In the past, on a global level, Mexico has had the lowest financial penetration

M975-08 Montana Verde/Bruce D. Greenberg Inc.

in its housing market. Although private sector involvement has increased in importance, government agencies, such as INFONAVIT, Fovisste, and SHF, are still responsible for the majority of mortgage financing in Mexico. The emergence of mortgages will have a large impact on the economics of housing in the future.

Due in part to this increased focus on infrastructure, the construction industry is forecast to grow 5.8% annually thru 2011. With this increased capacity in construction, and the workforce to support it, this industry will strengthen its foothold as a key industrial sector, creating a favorable environment that will facilitate the continued boom in Mexico's coastal real estate markets.

Economic SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> *Continued GDP growth through exports *Inclination to expansion of Free Trade Agreements *Strong international tourism *Constant increase in Foreign Direct Investment 	<ul style="list-style-type: none"> *Competitive disadvantage when compared w/emerging Asian markets *Reliance on Pemex revenues *Inefficient labor laws & corruption
Opportunities	Threats
<ul style="list-style-type: none"> *Increased govt. spending on infrastructure *Attracting US dollar which still has relatively strong purchasing power in Mexico *Creating an organized system for remittances 	<ul style="list-style-type: none"> *US economic slowdown heads south *Weakening of the US Dollar *Small businesses unable to adapt to Wal-Mart, Home Depot, Costco etc. *Increasing disparity of rich vs poor

Although some aspects of this SWOT analysis might appear tangential to real estate, the indirect impact of these economic indicators has the potential to affect all areas of business. A SWOT analysis that pertains specifically to real estate in Mexico is provided in the Mexican Real Estate section that follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Tourists Come to Stay

With an incredibly diverse geography and an amiable culture, Mexico has positioned itself globally as the 7th most common international travel destination. While more than 85% of tourists are from the US and Canada, Mexico is focusing on attracting more tourists from Europe and Asia. Similarly, some vacation destinations, such as Sonora and Baja Norte, cater specifically to regional North American visitors, while other locations, like Los Cabos and Cancun, have gained popularity among a more internationally diverse crowd.

Lifestyle amenities and critical services that were previously non-existent for tourists are emerging in many markets, allowing Mexico to attract new demographics of travelers. In destinations where this is the case, visitors are more inclined to enjoy longer stays, affording them a more intimate Mexico experience.

Tourism in Mexico can be viewed as a method of promoting long-term investment in Mexico. International tourism to Mexico has effectively generated demand for real estate from foreign buyers, and will continue to help feed demand in the future. Condotel developments, and other methods of blending aspects of the hospitality and real estate industries, exemplify the impact that tourism can have on attracting investment. Tourists are the ideal prospective buyer, affording the real estate agent the perfect setting to plant the seed in the mind of an excited visitor.

In 2007, the Mexican Tourism Board had a budget in excess of \$100 million for promotion in the US, Canada, South America & Asia.

Private investment in tourism is nearing \$3 billion, 48% of which is concentrated on beach tourism.

Government investment in tourism is also substantial at almost \$2 billion annually.

The Mexico Tourism board has begun to promote Mexico like a product, targeting specific niches and increasing its brand equity.

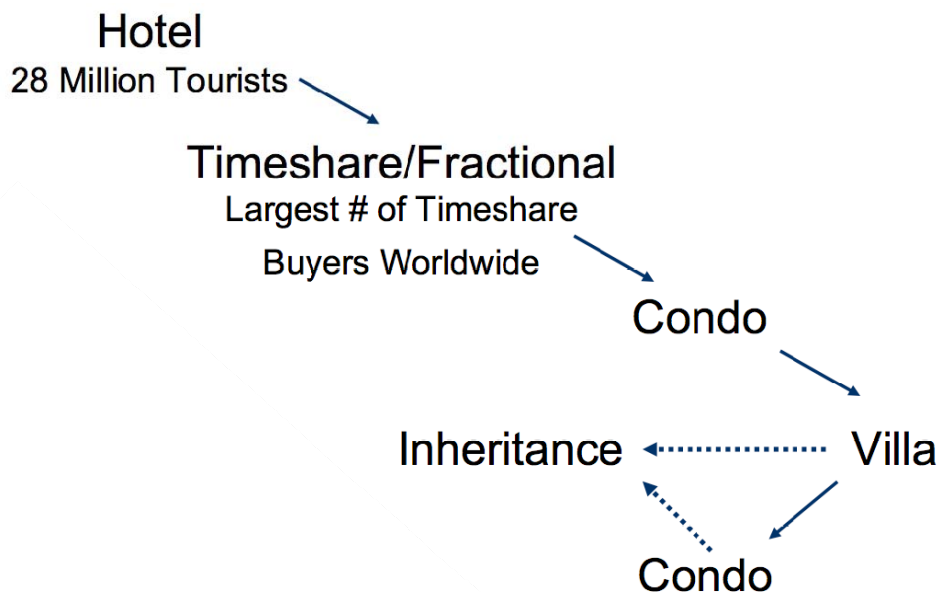
Mexico boasts a shocking 59% market share of cruise ship destinations worldwide

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Buyer Life Cycle of Mexican Real Estate

Much like consumers of any product, second-home buyers in Mexico transition through various periods within a real estate life cycle. For some Americans, buying into a timeshare as a vacation home is the extent to which they will invest in Mexico. Other buyers begin by purchasing a timeshare or fractional, and later decide that they are willing to make a more committed investment and own a condo or villa. Some buyers' proclivity to more substantial investment is based on perceived risk, whereas other buyers understand the potential for strong return on investment in Mexican real estate.

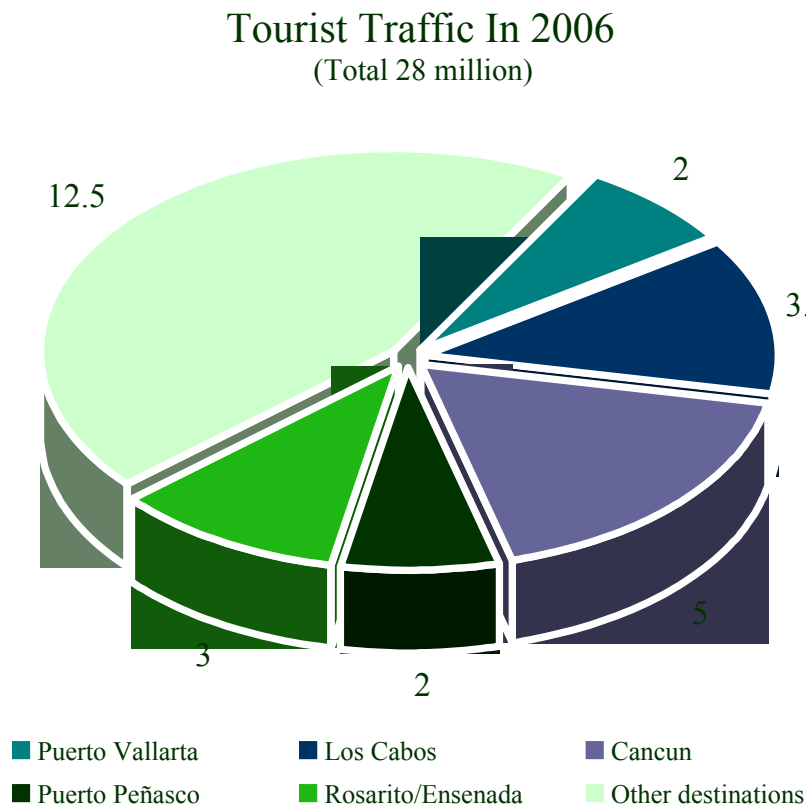
Although the general life cycle of a buyer exhibits an upward trend in size of investment with relation to time, there are other factors at work as well. In the current market, where some segments of American buyers are less financially liquid, demand for low-end condos is shifting to timeshares and fractional ownership. When the current real estate cycle is complete and the market enters another strong expansionary period, these timeshare/fractional buyers will once again enter the market as traditional condo purchasers. Conversely, demand for high-end properties has remained strong and will not shift to lesser investments. Developers and real estate professionals must be aware of this cycle and appropriately adjust to the current nature of demand.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

Current Travel Trends

With the threat of terrorism and the accompanying aviation security measures, American travel has changed significantly. Instead of flying to Europe, or other far off exotic destinations, Americans have been opting to vacation in more proximal locations. Drive-in travel to the northern destinations has been facilitated in part by improvements in highway connectivity and will continue to grow. In 2006, 28 million tourists visited Mexico, 75% of which came from the US. This trend bodes well for Mexico's ability to increasingly attract the American tourist.



Air travel to Mexico and within Mexico is rapidly becoming more ubiquitous and more efficient. Grupo Aeroportuario del Pacifico is investing \$120 million in 2007 to improve various airport facilities across Mexico. A substantial part of that investment will be directed at the airports in Los

Business Environment

In recent years, Mexico has made an effort to adopt international business practices and improve transparency, in order to create a business environment that is more amenable to foreigners. In the 2007 Risk Ratings released by Business Monitor International, Chile was the only Latin American country perceived to have a business environment with less risk than Mexico. Despite this apparent regional leadership, Mexico ranked 50th internationally.

Corruption is a risk indicator that Mexico is trying critically to improve upon. When compared to its less-developed neighbors in Latin America and the Caribbean, Mexico exhibits slightly more corruption than average. This is highly out of character, considering Mexico's level of economic development in the region. Given that flagrant corruption diminishes with economic prosperity, it would appear that Mexico is positioned to improve in this category of risk. Additionally, enforcing contracts in Mexico can require significant time and effort when compared to countries with similar levels of development. These are aspects of risk that can hinder a consistent business environment and impede investment.

Despite the relative risk associated with conducting business in Mexico, the real estate market is over performing in terms of transparency. According to Jones Lang LaSalle, a highly transparent market is free from corruption, has readily available information and operates within a fair and transparent legal and regulatory framework. Mexico is the top-ranked country in Latin America for real estate transparency and is approaching the ranks of highly developed countries such as Japan and Italy. As the government and private entities work together to collect and organize market data, Mexico will continue to improve its status.

Market Potential of Mexican Real Estate

México's real estate market is growing, particularly in the area of foreign investment, and that growth is tied to America's economic state. In 2006, Noble Carpenter, head of the international capital group at Jones Lang LaSalle, stated that interest in Mexican real estate is growing because

M975-08 Montana Verde/Bruce D. Greenberg Inc.

"It is being perceived more and more as an extension of the U.S. It's a democracy with a fairly transparent legal system and good returns."

In an interview with Chris Snell, president of one of the most active real estate brokerages in Cabo San Lucas, he was quoted as saying that "On average, yearly property value increases in the Los Cabos master-planned communities have been in the range of 10 to 20 percent. This is because these resort communities offer the best of everything a luxury traveler could want, from world-class services to implicit privacy. That's what makes today's investor tick and they're finding it here in Los Cabos". This is a belief echoed by all of the real estate agents and developers interviewed for this study.

The recent downturn in the U.S. housing market has created a slowdown in new sales, in some resort areas of México. However, the slowdown is market and product specific and should not be attributed to the Mexican market in general. It is expected that demand from high-end buyers will remain strong. In contrast demand from low-end buyers will shift to fractional ownership and timeshares, and this low-end demographic will return as buyers in the next cycle. In areas such as Los Cabos, values have been stable, and the lower-priced market continues to see strong absorption. In Puerto Peñasco, the oversupply of condominiums has resulted in several planned projects being postponed indefinitely. While most markets have not seen declines, appropriately targeting niches and setting competitive price points will be essential to continued success.

Overall, the Mexican resort markets have preformed incredibly in recent years and will continue to do so in the future. The supply of buyers in the U.S. remains strong and the demographics point to a positive future. The supply of coastal land in Mexico is still abundant, as are the resources to develop it. As long as developments are appropriately planned and based around the needs and demand of the market, developers can anticipate generous returns. If large projects are undertaken with the hope that buyers will appear, certain markets will continue to suffer.

Mexican Real Estate SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> *Rapidly increasing transparency *Availability of vacant lands *Diversity of product & price points in each market *Availability of labor 	<ul style="list-style-type: none"> *Lack of Infrastructure; airlift, cruise-ship accessable docks, utilities (location specific) *Lack of sales data/public records *Lack of amenities (emerging markets)
Opportunities	Threats
<ul style="list-style-type: none"> *Collection & accessibility of Market Data *Increased the availability of amenities *Improved private medical care *Attracting buyers from Europe, South America & Asia 	<ul style="list-style-type: none"> *Damaged reputation from unfulfilled projects (Puerto Peñasco & Rosarito) *Central American real estate; Costa Rica, Panama, Honduras, Belize *Rising gasoline prices (drive-to markets)

This SWOT analysis identifies the current conditions that pose a threat to the real estate market, as well as those that present opportunity. The data and analysis that are specific to the subject market, which will appear later in this study, will give more depth to the relevance of these bullet points. Converting a weak aspect of a subject market into a strong point of the proposed development will bear success in the competitive markets and generate growth in the emerging markets. This SWOT can be viewed as it relates to entire markets, or as it relates to individual developments.

Dynamics of the Vacation/2nd Home Market

Due to Mexico's proximity to the Southwest, well-balanced culture, high-quality infrastructure, and California-like, high-end products, continued demand from Americans appears probable. Also, due to the established presence in Mexico of American companies, such as Wal-mart, Costco and Home Depot, and American developers and real estate agencies like Coldwell Banker, Century 21, Prudential, and Re/max, Mexico is well within the comfort zone of most Americans. 2007-2008

M975-08 Montana Verde/Bruce D. Greenberg Inc.

may not see the high levels of appreciation and absorption as in the past, but most markets should continue to perform at a healthy level.

The current economic slowdown in the United States economy, particularly that of California, has had somewhat of an impact on México resort towns. Markets that had been in a high growth stage over the past three years, particularly the Puerto Peñasco and Rosarito markets have seen an oversupply of low-end product, especially in mid-rise condominiums. This oversupply has resulted in zero to 10% depreciation in prices both among new projects and resales. Mexico leads the world in number of timeshares in a single country. This inclination towards purchasing timeshares and fractionals is expected to increase due to the current economic conditions

Market such as Cabo San Lucas and Puerto Vallarta have seen greater marketing times of high-end product, while lower priced product has continued to show healthy demand. The Mazatlan, Loreto, East Cape (north of Los Cabos), and La Paz markets are beginning to emerge and gain in popularity. These markets offer lower priced product in similar beachfront settings.

While there is considerable disparity in quality between the Los Cabos/Puerto Vallarta markets and the Mazatlan/Loreto/La Paz markets, the Los Cabos/Puerto Vallarta markets is also seeing demand increases for lower priced product. We expect the emerging markets and the lower priced product on Los Cabos/Puerto Vallarta to continue to increase in demand and growth, while the higher-end and higher priced product to remain stable.

A recent presentation by SECTUR, shown below, highlights the past, present, and forecasted future of Mexico tourism.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

National Tourism Program 2001-2006					
Based on changing trends and variables in Domestic and International Tourism, the following indicators have been defined as long-term forecasts					
	2000	2006	2025	(%) Annual growth Rate 2000-2006	(%) Annual Growth Rate 2006-2025
International Tourism Arrivals (Thousands)	20,643	23,018	49,388	1.83	4.10
Revenue from International Tourism (millions of dollars)	8,295	10,342	35,459	3.74	6.70
Mexico's position in international tourist arrivals	8	8	7		
Mexico's position in international tourism receipts	12	11	9		
Average tourist spending (dollars)	549	607	971	1.69	2.50
Domestic tourist hotel arrivals (thousands)	46,907	53,219	92,462	2.13	2.95
Tourism as percentage of GNP	8.9	9.0	10.5	0.19	0.81
Tourist industry jobs (thousands)	1,890	2,173	3,581	2.35	2.66
New investment to date in the Period 2001 – 2006 (millions of dollars)	N/A	9,000			
N.A.: No data available					

The Effect of the U.S. Market

México's economy, and ultimate success, is quite simply tied to the United States. With the passing of NAFTA a set of economic handcuffs was placed on bank officials and various institutions, thus ensuring fiscal responsibility and stronger economic ties. This increased the already close ties between the economies of the U.S. and México. Take for instance the "Dot-com" market crash of 2000. Cabo San Lucas and other parts of México experienced acute external shocks and shortly after, slipped into a mild economic slowdown. Experts feel that, because Americans could no

M975-08 Montana Verde/Bruce D. Greenberg Inc.

longer pull from their over-inflated stocks, the rate of travel to México, and ultimately purchases made in México, suffered.

Today, with the downturn in the U.S. economy due to the woes of the housing market, there has been a significant slowdown in new buyers. Again, experts feel that because Americans can no longer pull from their over-inflated US homes, new buyers will be price focused and in many instances, opt for timeshares. Conversely, the established, high-end markets are still selling at the same prices, with the same velocity as in recent years.

Negligent lending in the U.S. market is what has led to the current situation. In contrast, the use of best practices and responsible lending has insulated the Mexican second-home markets from the contagion of the US sub-prime debacle. Supporting that logic, American buyers in Mexico have, on average, upwards of 70% equity in their properties, providing a cushion in times of economic hardship. Additionally, Mexico is a "Prime" market, with lenders requiring "A" credit and 20% down. For these reasons and the continued stability in the well-established markets, it is expected that Mexico, as a whole, will remain unscathed while the US housing market struggles through this period of readjustment.

Baby Boomers, the primary target of most Mexican resort developments, are still very wealthy. This market is far from being tapped. "We have some concerns about the slowing U.S. housing market but there are many other things working for us," said John McCarthy, FONATUR's former Director General, who was in Beverly Hills recently to speak to U.S. investors. "Most of our buyers are Baby Boomers who have paid off, in good part, their initial mortgage and are coming into inheritance money." More aggressive marketing is needed to penetrate this segment and capture these buyers.

In the U.S., Americans have been afforded the luxury of cheap money over the last five years. Stimulated by record low interest rates and significant tax cuts, the American economy has

M975-08 Montana Verde/Bruce D. Greenberg Inc.

expanded rapidly, most notably in the housing sector. With mortgage rates falling to historic lows, a wave of refinances ignited the U.S. economy and enriched American homeowners.

The end of this expansionary period came in 2006, and the direction of the market has since changed. In the present climate, the US market for new homes has almost disappeared, and existing homes linger on the market, while prices remain inflated. And although there are declines in U.S. housing markets, the declines are still far below the appreciation experienced over the past few years. In addition, buyers increasingly have the opportunity to refinance their second homes in Mexico to improve their financial liquidity.

For American buyers in México, the impact of the troubled US market has been slight. Higher rates in the U.S. have merely led buyers to seek financing in Mexico. In addition, the majority of purchases executed are made in cash, which implies that these buyers already have sufficient liquidity to remain in the market.

We feel that the 2nd home market in México will remain strong despite the weakening housing market in the U.S. If developers are wise and focus on niches, while maintaining reasonable price points, few areas will experience declines. This, in the long run, will benefit México and the foreign buyer.

Understanding the Buyer

Lured to Mexico by a variety of attractions, foreign buyers of real estate in the numerous markets are demographically diverse. The markets of Baja Norte and Sonora are driven predominantly by drive-in buyers from California and Arizona. In contrast, Los Cabos and Puerto Vallarta are fly-in markets, comprised of buyers from all over North America. The Cancun market, on the other hand, is the most internationally diverse market in Mexico, and has a mix of buyer profiles distinct from the other locations. Although all buyers have overlapping motives for purchasing in Mexico,

M975-08 Montana Verde/Bruce D. Greenberg Inc.

understanding the nuanced differences of the buyers in the respective markets is what allows for successful marketing campaigns.

In recent years, Mexican real estate investment has been heavily influenced by Baby Boomers. Despite their continued purchasing power, recent data indicates that the traditional buyer profile is changing. While each resort community has its own balance, many new buyers are in their thirties and forties. This new demographic of buyers seek adventures such as water sports, hiking and fishing, and tend to have strong incomes.

Today's buyer is well informed, understands the value of money, and possesses a new level of business savvy and sophistication. According to real estate agents in Los Cabos and Puerto Vallarta, buyers are constantly finding new ways to leverage both their US and México properties. Some owners are even offering their homes as a business perk to clients. In previous years, prices were the main factor influencing purchase decisions. In contrast, quality has become an essential selling point that motivates buyers in the current market.

Despite this emergence of younger buyers, baby boomers remain a driving force in the market. The average baby boomer, second-home buyer is 55 years old with increased disposable income, due to their status as "empty nesters". These buyers have an average annual income of \$80,000, and 79% view their property as a vacation home or family retreat. This demographic of buyers values active communities and quality health care.

A Legal Brief on Mexico

In the last decade, fundamental constitutional reforms have been enacted, allowing international buyers to enjoy greater legal freedoms and ownership rights, as mandated and protected by Mexican law; specifically the Foreign Investment Law.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The most significant change is the Fideicomiso, or real estate bank trust. It is defined, for real estate purposes, as a transaction between a Mexican Bank and a foreign individual or entity, investing in areas that were previously restricted to foreign investment. By obtaining a Fideicomiso, foreigners are now entitled to a “bundle of rights” which includes the right of occupancy, the right to enjoyment, the right to sell in whole or in part, the right to control the use of, the right to bequeath, the right to lease, and the right to exercise any rights derived by the occupancy and/or use of the property.

The Bank serves as a trustee, or legal owner, while the investor serves as the legal beneficiary of the Trust. The Bank then holds the title to the property in trust for the beneficiary, who retains the exclusive right to use and control the property.

As a trustee, the Bank acts on behalf of the beneficiary in any transactions involving the property held in trust. However, the beneficiary controls, and makes any investment decisions regarding the property. This includes decisions to transfer, assign, and/or otherwise dispose of his vested interest in the property.

Essentially, a trust is a contractual arrangement, which, in most respects, mirrors trusts commonly used in the United States. The rules and regulations now in place have created the foundation by which foreign investment may be governed. These rules provide stability, protection and legal certainty for foreign investors. Furthermore, the Foreign Investment Law expressly states that upon expiration of the 50-year trust, if requested, the Mexican Government must issue a new permit.

Therefore, if an interest in real estate held under a trust is sold or conveyed, the transferee can obtain a permit, which, regardless of how much time is remaining on the original trust, provides for a new 50-year term. Although the Mexican Bank holds title to the property, the Bank is legally obligated to follow the terms outlined in the trust documents and to comply in all areas with the request of the foreign investor or the trust beneficiary.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Attempts were made to establish the number of Fideicomiso's currently in existence, in order to determine approximately how many foreigners currently own property in México. This would serve as an excellent barometer for determining the current and potential market demand. Calls were made, and communications were sent to the U.S. Embassy and the SRE, México's Foreign Relations Secretariat. In addition, interviews were conducted with top-level executives from Collateral Mortgage International and First American Title, to specifically address the Fideicomiso issue.

This information however, has not been made public. Real estate executives and industry experts in México have estimated that there are 50,000 Fideicomisos in existence, which would imply that developers are also holding an additional 50,000 promises of trust. Given the absence of official verification, these numbers remain suspect.

Security instruments, such as title insurance, title searches, and escrow accounts, are more readily available than ever, and are making a tremendous impact on México's real estate market. Real estate agents and developers feel that these new security measures have been essential in allaying the uncertainties of investors and potential buyers. It has given the Mexican real estate market a new level of transparency and professionalism that was sorely missing previously.

In addition, bank foreclosure procedures and defaults have been streamlined and clarified. In the past, it could have taken 3 years to foreclose on a property. Now, however, the lender is in the first position as the official titleholder due to the legislative reforms. The risk of loan default has been deemed minimal, and according to Mitch Creekmore of Stewart Title, of the 300 transactions in which he has been involved, none have defaulted.

Also, Chris Snell, one of the leading real estate agents in the Cabo San Lucas area, mirrored Mr. Creekmore's sentiment. He has been involved in thousands of transactions involving amounts from \$50,000 to upwards of \$100 million, and none have defaulted. Therefore, due to the remarkable levels of equity that buyers maintain, a negligible number of loans are expected to default in future.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

As a developing country with promising potential, Mexico must continue aligning all its moving parts to succeed in an increasingly competitive global economy. Although it appears that Mexico possesses many economic advantages, its political leaders and captains of industry must continue to implement strategies that are in line with long-term success.

<<<<<<<◇>>>>>>>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SECOND HOME MARKET OVERVIEW

The following section presents published information and published articles that show general trends of the second home market in the U.S. This second home market is the driving force behind the success of the Mexico beach markets real estate.

As a preface to these articles, in a recent conference for Prudential California Realty held in Los Angeles, several items were stated why Mexico is increasing in popularity as a destination resort. These items were as follows:

- A foreign setting with familiar amenities
- Proximity and ease of access to the United States
- New experiences and new settings
- Year round appeal due to amiable weather
- Hospitality of culture, friendly hosts
- Solid value for the dollar
- Uniqueness:
 - 4 oceans with 6,000 miles of coastline
 - Geographical differences
 - 4th most biological diverse nation
 - 29,000 archeological sites
 - A vibrant indigenous culture
 - European / Spanish influence

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Mexico Property Market Soars Thanks to American-Style Resorts

By Julie Bennett

A hundred and sixty years ago, the U.S. took over almost a third of Mexico, paying \$15 million for territories that became California, Nevada, Utah, Arizona and Texas. Today, U.S. citizens are moving into Mexico again, but this time they're paying \$1 million for oceanfront homes or \$300,000 for condos in amenity-rich resorts.

The 19th-century land grab was, for obvious reasons, resented by Mexican nationals. As for the current invasion, "We're loving it," says Manuel Espinosa, one of a number of Mexican high-end developers who are putting up American-style residential communities along the Baja California peninsula or across the Sea of Cortez in Sonora, on the Mexican mainland. Mr. Espinosa, who is developing Mision La Serena, a 75-unit residence club at the southern end of the Baja peninsula, says "U.S. citizens developed an appetite for Baja California at the same time that it became [viable] for us to build there. They're flocking in from everywhere, looking for vacation or retirement homes at prices that are lower than back home."

Robb Gordon, a professional photographer from Malibu, Calif., bought a villa last spring in the CostaBaja Resort & Marina near La Paz. "My wife and I can get there once a month because La Paz is only a two-hour flight from Los Angeles," he says. "The water is 80 degrees, and it's more beautiful and clearer than the Caribbean. We love Mexican culture and we feel safer there than anywhere in L.A."

Phase one of CostaBaja is completely sold out. The developer, Mexico's Parque Reforma, will build more homes next year and is pre-selling 123 units in the 500-acre resort, with condos in six-story buildings starting at \$400,000 to over \$1 million for villas that will be built on a bluff overlooking the Sea of Cortez.

It's too late to own one of the 195 condominium-hotel units in the first 26-story tower of

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Donald Trump's Ocean Resort Baja, to be built just over the border, 30 minutes south of San Diego. The fully furnished units, which start in the mid-\$200,000s for a studio apartment, are already over-subscribed. Joel Greene, a real estate broker who is president of the Condo Hotel Center in Miami, says that as soon as he announced the project on his Web site, 60 people sent in \$5,000 deposits.

One reason for Mexico's popularity is, of course, price. Mr. Greene says of the Ocean Resort Baja project: "You're getting the Trump name and a five-star resort at one-third of the U.S. cost." And, while house prices are falling in parts of the U.S., Mexican resort-area real estate is appreciating, by an estimated 10% a year.

Northwest Mexico is also getting closer. A new coastal highway under construction will reduce the drive time from California to Baja California and the mainland resort towns like Puerto Penasco. Once patchy air services to Mexican airports are improving and airstrips are being upgraded into real airports.

The political climate is stabilizing, too. Bruce Greenberg, an appraiser with offices in Tucson, Ariz., and San Jose del Cabo, Mexico, says the recent election of U.S.-educated Felipe Calderon as president bodes well for cross-border relations, as well as a strong Mexican economy, low interest rates and low inflation.

Buying property in Mexico is getting easier and safer. Although the purchase of property along the Mexican coast is still a complicated process, American title insurance companies, including First American Title Corp., Stewart Title Insurance Co. and the Chicago Title Co., are now providing documentation of ownership and acting as escrow agents while residences are being built. Just a few years ago, the only way to buy housing in Mexico was to pay cash; today, major U.S. lenders are writing mortgages on Mexican property. GE Money Mexico and WMC Mortgage Corp. of Burbank, Calif., for instance, created a Mexican Dream Mortgage program to provide simplified mortgage financing for U.S. residents.

Finally, staying in one of the new Baja California or Sonora gated communities is just like being in Scottsdale or Palm Springs -- but a little bit hotter and with an ocean view. Mr. Greenberg says:

M975-08 Montana Verde/Bruce D. Greenberg Inc.

"Americans want to walk into condos with burglar alarms, brand-name appliances, computer lines and all the conveniences they'd find in Florida, Arizona or southern California. Workmanship in Mexico is actually superior, but the floor plans are designed by American architects and include features like large master baths and laundry rooms." South-of-the-border resort communities feature marinas, fitness centers, spas and golf courses designed by familiar names like Jack Nicklaus, Gary Player and Greg Norman, just like those closer to home.

Robert Chernick, CFO of Rockingham Asset Management in Scottsdale, Ariz., and his partners will build "an American-style planned community" along 15 miles of Sea of Cortez coastline, on the Mexican mainland within a five-hour drive of Phoenix. The project -- Liberty Cove -- has an American name, Mr. Chernick says, and when construction starts in 2007, it will follow American standards, offering wide roads, fiber-optic cable service, and, eventually, an American hospital. "Mexican flavor," he says, will come from the authentic-looking village they plan to build, and from the local owners of its restaurants and stores.

You can find more, or even less, "Mexican flavor," depending on where you shop for a vacation or retirement home. Puerto Penasco, 225 miles south of Phoenix on the Sea of Cortez, has so many U.S.-style high rises, chain restaurants and retailers that it's usually called by an American name, Rocky Point. Cabo San Lucas, on the southern tip of Baja California, is also a lively tourist city with fine restaurants and vibrating nightclubs. La Paz, on the Sea of Cortez side of the peninsula, is the capital of Baja Sur and a city of about 250,000 people, with universities, museums, theater companies and other institutions that offer immersion into real Mexican culture. And scattered along the Baja peninsula and the Mexican mainland are developments remote from both culture and glitz, but offering outdoor activities ranging from bird watching to sea kayaking, fishing, snorkeling and scuba diving.

Loreto Bay, for example, is an 8,000-acre development 280 miles north of La Paz on the Sea of Cortez that will ultimately contain 6,000 homes and 5,000 acres of green space devoted to golf, hiking, cycling and horse-riding. Although it will take 12 to 15 years to complete, 600 homes (prices start at \$300,000) are pre-sold to "American and Canadian doctors, lawyers and business

M975-08 Montana Verde/Bruce D. Greenberg Inc.

people who want to sneak away from the get up and go of their lives," says Robert Cairns, the development's director of ecotourism.

If you can't decide whether you want solitude or salsa dancing, retired executive Gordon Bowes, of Bellingham, Wash., has found the perfect compromise -- fractional ownership in both active and laid-back Mexican developments. He and his wife own five weeks in the Grand Regina, a condo complex next to the Westin resort hotel "in the heart of the action of Cabo San Lucas," and recently purchased 12 weeks of ownership in a three-bedroom vacation villa under construction in Mr. Espinosa's Mision La Serena, in the quiet fishing village of San Jose del Cabo. "We love the sun and beaches of the Cabo area, and by buying fractionals we have none of the hassles," he says. "The Mexican developers keep tremendously high standards and we believe both properties will appreciate in value. And when we're not using the units ourselves, we can rent them out, for \$10,000 or more a week during the Christmas and Easter holidays."

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

B&DMEXICO INTERNATIONAL DEVELOPMENT

Building Beyond the Border

Reverse migration heats up the Mexico home market

By Carol Ruiz

Developers looking for new markets with lots of upside potential might want to consider heading south of the border to cash in on the increasing number of baby boomers buying homes in Mexico.

Bruce Greenberg, a Tucson, Ariz.-based real estate consultant and founder of Valuaciones Montaña Verde, a bi-national appraisal firm specializing in the Mexico market, contends that the nation's real estate market is poised to explode. He suggests that United States and Canadian migration to Mexico will continue to increase as Boomers nearing retirement look for a place in the sun that's affordable; low-risk in terms of natural disasters; and offers a familiar, friendly environment with a foreign experience.

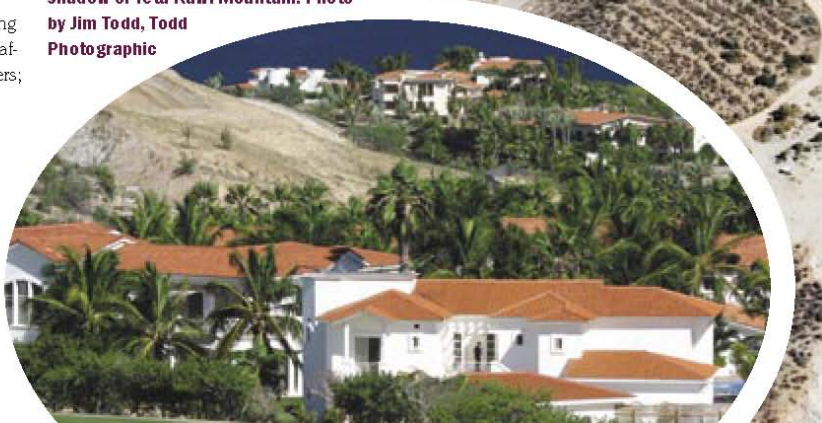
Greenberg estimates that one percent of the nation's 25 million annual tourists — 75 percent of which are from the United States — will purchase a home there, which translates to 250,000 people, or a market for at least 125,000 homes annually if all buyers are couples.

Like attracts like

While 9/11 provided a catalyst for increased interest in Mexican real estate, Greenberg says the main reason for a surge in home sales to American buyers is that the Mexican real estate environment now mirrors the U.S. market, providing foreign buyers clean title to property and domestic-type mortgage products.

The changes came thanks to reforms and policies implemented by the Mexican government over the last decade, which removed barriers to foreign property ownership, protected foreign buyers from fraudulent real estate sales and created conditions that "Americanized" the real estate transaction.

► **Natural Paradise Resorts is developing an upscale resort in San Carlos, Sonora, Mexico on the Sea of Cortés under the shadow of Tetá Kawi Mountain. Photo by Jim Todd, Todd Photographic**



M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

Reforms and policy changes include requiring a title search prior to closing a deal and creating the bank trust to get around a century-old law that prohibits foreigners from owning land outright in all of Baja or within 30 kilometers of beaches and 60 kilometers of the border.

As a result, Wall Street began recognizing the Mexican real estate market, which brought in U.S. and international residential lenders. Today, with projects valued at billions of dollars rising each year, a host of lenders ensconced in the Mexico market are offering mortgage products, including Carefree/Textron Financial Corp., GMAC, M & I/Wachovia, GE Finance and Platinum Capital. Two U.S. title companies are also operating below



Migration to Mexico will continue to increase as Boomers nearing retirement look for a place in the sun that's affordable.

quotas on immigration, but to qualify for a loan, Americans must have legal credentials to stay, Desmond says. An application for an FM2 — resident — or FM3 — work — visa can be obtained at any National Immigration Institute office.

Presidential promotion

Noting that reforms began under former President Vicente Fox, Greenberg suggests that President Felipe Calderon may be even more astute when it comes to capitalizing on the nation's real estate resources to strengthen the Mexican economy and create good-paying jobs at home and is pushing for additional reforms and services to attract foreign buyers. For example, the Mexican government is expected to reverse the law prohibiting foreigners from owning prime real



the border: Texas-based Stewart Title and Arizona-based Real Estate Title (RET).

Mortgage matters

Arizona-based Ray Desmond, U.S. pioneer in the Mexican mortgage and title business and founder of Hermosillo, Mexico-based Carefree Mortgage and RET, notes that up until a couple of years ago, the only financial options available to foreign homebuyers were paying cash or five-year loans from developers at 12 percent interest. Now lenders are offering loan products similar to those offered in the United States.

Carefree Mortgage, for example, offers three- to 10-year adjustable rate and 20- or

30-year fixed rate mortgages, as well as refinancing of high-interest developer carry-back loans. The company also buys carry-back paper from developers to free up their capital and offers developers and builders up to 70 percent in construction financing for 24 to 48 months and 12- to 24-month advances. The loan minimum is \$2.5 million, with interest based on LIBOR or Prime plus four percent or 2.5 percent respectively. Loan costs are typically five percent of the principal, which includes appraisal, construction feasibility study, site visits, inspections and construction follow-up, but not third-party fees.

Unlike the United States, Mexico has no

Reforms and policy changes include requiring a title search prior to closing a deal and creating the bank trust to get around a century-old law that prohibits foreigners from owning land outright in all of Baja or within 30 kilometers of beaches and 60 kilometers of the border.

estate outright and eliminate the bank trust within the next few years.

"This president wants to build one to two million homes, educate his people and give them decent paying jobs," Greenberg says, contending President Calderon is against the U.S. proposal for a guest worker program be-

M975-08 Montana Verde/Bruce D. Greenberg Inc.

cause it would further deplete the nation's skilled workforce, which is needed at home to build homes and strengthen the economy. "Calderon understands that Mexican workers will continue to leave unless Mexico creates jobs with wages comparable to what they can earn in the United States — \$10 per hour, compared with \$10 per day in Mexico today."

Like healthcare from home

Mexican doctors, the majority of whom were educated in the United States, also are trying to create a mechanism for providing U.S.-quality healthcare services in Mexico. Concern about quality healthcare services has been a major barrier to American migration to Mexico. Physician groups hope to partner with Medicare and other U.S. health insurers to be included in provider networks, so U.S. citizens living in Mexico are insured and have access to American-quality medical services.

Currently, the only provider offering the standard of care U.S. citizens are accustomed to receiving is AmeriMed, an Arizona-based health provider that operates several clinics and hospitals in Mexican coastal markets with a significant population of U.S. citizens.

Days of development

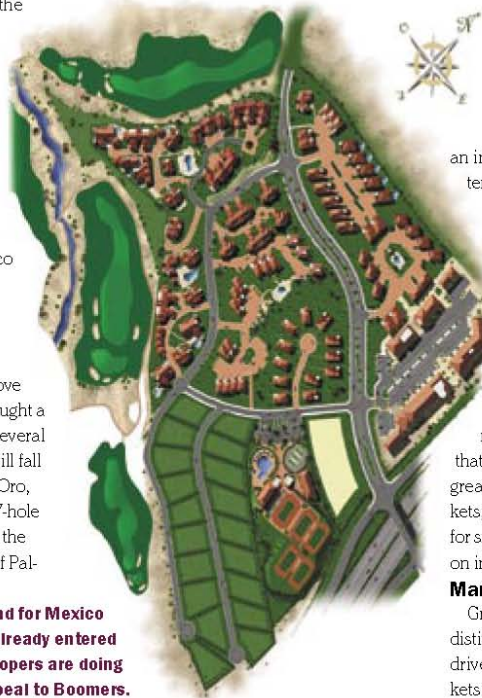
Hoping to cash in on the growing demand for Mexico homes, some U.S. developers have already entered Mexico markets, and Mexican developers are doing projects specifically designed to appeal to Boomers.

Formerly an asset manager based in San Francisco, Gerry Burchard fell in love with the Los Cabos San Lucas area, bought a house and moved there permanently several years ago. Burchard is betting others will fall in love, too. He is developing Villas de Oro, a luxury community located along a 27-hole Jack Nicklaus Signature Golf Course in the 900-acre master-planned community of Pal-

▲► **Hoping to cash in on the demand for Mexico homes, some U.S. developers have already entered Mexico markets, and Mexican developers are doing projects specifically designed to appeal to Boomers.**



Emerging markets provide developers greater opportunities than established markets, enabling them to build quality projects for significantly less.



milla. The project, which has sold 36 units in the first two phases, will ultimately have 130 upscale condominiums and townhomes priced from \$725,000 to \$950,000, five to 10 single-family home sites and a tennis club. Homeowners not only receive membership in golf and tennis facilities, but also have access to the five-star One & Only Palmilla hotel amenities, including world-class restaurants designed by chef Charlie Trotter, a health club and spa facilities.

"This is not a place to party; it's a place to live," Burchard says, pointing out that advances in technology and proximity to the United States make it possible for Americans to home-office in Mexico and do business in the States. "Advances in communication and technology have unshackled people from their desks. With Internet and VOIP, or voice over Internet phone, service people can change their lives and work from anywhere," he adds, noting that 20 to 30 percent of buyers at Villas de Oro plan to live there permanently.

Located on the tip of the Baja California peninsula where the Pacific Ocean meets the Sea of Cortés, Los Cabos is an international playground for the jet-setter crowd and the most expensive home market in Mexico, with beachfront lots typically going for \$10 million, or \$1,000 per square foot.

Other markets offer beautiful beaches, but are a better value than Los Cabos, Greenberg points out. Homes in traditionally hot markets such as Cancun-Playa del Carmen-Mayan Rivera and Puerto Vallarta are half as much as in Los Cabos. He notes, however, that emerging markets provide developers greater opportunities than established markets, enabling them to build quality projects for significantly less and realize greater return on investment, or ROI.

Managing the markets

Greenberg points out that there are three distinct residential markets in Mexico: drive-in, fly-in and boat-in. Drive-in markets include northern Baja from Tijuana to

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Rosarita/Ensenada; San Felipe on the western shore of the Sea of Cortés; and Rocky Point/Puerto Peñasco and San Carlos in the State of Sonora, which is south of Arizona on the eastern shore of the Sea of Cortés. Fly-in/boat-in markets include Puerto Vallarta, Los Cabos, Loreto, Mazatlán and Rosarita/Ensenada. Fly-in markets include Ixtapa and Cancun-Playa del Carmen-Mayan Rivera.

Some emerging markets offer developers and buyers a better opportunity than others. San Carlos, for example, is prettier and lower-priced than the Rocky Point/Puerto Peñasco area, Greenberg notes. He explains that San Carlos, which is 150 miles south of Rocky Point, has only recently begun to emerge as a "Gringo" market, while Rocky Point/Puerto Peñasco exploded right after 9/11 and is currently overpriced and oversupplied by about 5,000 units.

Noting that the average Rocky Point/Puerto Peñasco unit doubled in price after 9/11, from \$100,000 to \$200,000, and has escalated by \$100,000 annually ever since, Greenberg contends a correction is eminent for this market. The average three-bedroom home is now priced between \$400,000 and \$500,000, whereas a little further south in beautiful San Carlos, luxury condominiums are priced at half that amount.

A growing trend

Mexican developer David Amaya of Natural Paradise Resorts, who is underway on an upscale residential development targeting health-conscious Boomers, notes that just two years ago, there were no developers in San Carlos and now 10 condominium projects, with about 2,500 units, are rising. "Big developers from Puerto Peñasco/Rocky Point are coming into the market, because they realize San Carlos is the right place to be right now," he says, noting the community is attracting second- and third-home buyers from North America and Europe, as well as Mexico, but the



Developers can expect substantially greater ROI working in Mexico than the United States.

majority of buyers are living here 11 months a year.

Designed by Newport Beach, Calif.-based architect GMA, Amaya's San Carlos project will be unlike other developments in Sonora and will consist of several distinct product types including beachfront casitas; several condominium buildings, averaging four stories each and designed to evoke the feel of a seaside mansion; and additional attached homes. The project features concierge service and luxury hotel amenities, including a health spa and restaurants specializing in healthy cuisine, and all units have views of the Sea of Cortés and Teta Kawi Mountain.

The project offers buyers full ownership,

but they can opt to rent their units when not using them, Amaya says, noting that San Carlos has a growing tourist industry, which will get a boost with the completion of a cruise ship terminal in eight to 12 months. The terminal will be located in Guaymas, a seaport city with a population of 150,000 just eight miles away.

Differing strategies for international development

Suggesting San Carlos is a friendly development climate, Amaya invites U.S. developers and builders to visit the area and consider doing projects here. "If they come here and decide to stay, they will do well in business. It's not difficult to be successful,

but it is wise to partner with a Mexican developer, because working with the government is a science," he adds. "Together we can work faster, less expensively and pass the benefits of that on to customers."

Greenberg agrees that developers can expect substantially greater ROI working in Mexico than the United States, but contends that it is not necessary to partner with a Mexican developer. "Nothing changes south of the border," he says, pointing out that similar to expanding into U.S. markets in different jurisdictions, developers entering Mexico markets must learn to follow new rules. "The buyers are Americans, so the developer needs to decide on a niche and assemble a dream team of bi-national professionals who can show them how to do it the right way, economically, politically, legally and socially."

Burchard suggests, however, that developers working in Mexico should be ready to relocate. "Working here requires patience, a commitment to being here and learning to speak Spanish," he stresses. "It cannot be done remotely. A developer must be prepared to be hands on. Otherwise, don't do it."



Carol Ruiz is Vice President of Public Relations for 5th Gear. She may be reached at 310.841.5041, x118, or at cr Ruiz@5thgearmex.com.

WWW.BDMAG.COM



50 B & D |

CABO SAN LUCAS AREA OVERVIEW

The overall general area is referred to as 'Los Cabos'. A brief overview of the "Los Cabos" area will serve to show the overall strength and stability of the "Los Cabos" area.

The Los Cabos area is influential on the subject for many reasons. While the price points and location and demand characteristics are much superior to the subject to be directly competitive, without Los Cabos, the subject area would not be experiencing the demand and price appreciation as it has recently. Within the Los Cabos overview are the major projects influencing the Los Cabos market. More importantly, the impact of these projects have had on the Los Cabos as well as the overall Mexico resort market in the past few years have been substantial. These projects have shaped the absorption and pricing of the many markets such as La Paz, Puerto Vallarta, and the subject area.

The workings of this market and its resultant trends are the engine behind the future success of the subject project. Those areas that try to mimic the allure of Los Cabos, will have the best chance of success. The subject has the potential to capture this success. Thus, it is very important to analyze Los Cabos to accurately chart a trend for the subject.

The overall general area is referred to as 'Los Cabos'. A brief overview of the "Los Cabos" area will serve to show the overall strength and stability of the "Los Cabos" area.

The Los Cabos area began as a private plane fly to market back in the early 1950s. Between 1952 and 1970, a few resorts speckled the Sea of Cortez coastline between La Paz and San Jose del Cabo. Access was only by small airplane. Most visitors, including Hollywood movie stars, traveled this area for bill fishing. These resorts are mostly still around including Rancho Las Cruces, Bahia de Palmas Lodge (now Hotel Palmas de Cortez, nicknamed "Las Palmas"), Hotel Rancho Buena Vista, Punta Colorada, Rancho Leonero, Las Arenas Resort, Hotel Punta Pescadero and Hotel Buena Vista.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

In 1985, a man named Ed Geddes came to Los Cabos looking for investment. He soon purchased land and built a timeshare facility named Cascades de Baja. Fear for losing the integrity of the area due to this low end timeshare facility, the substantial land owners in the Los Cabos area then, including Sanchez Navarro, the Parr family, the Gonzales family, the Bulnes family, and the Coppel family formed a developer's association to control the future development of Los Cabos.

The next major move after this association was formed was the land purchased by Mr. Don Koll for the construction of the famed Palmilla resort. Mr. Koll then purchased the site for Cabo del Sol. The direction of Los Cabos turned toward the higher end. With the infrastructure investment of FONATUR, as well as the efforts to bring in five-star hotels including the Westin and others, by a hotel expert named Senor Cristobal Tortusa, as well as the fishing fleet of the Ehrenberg family, and other tourism, a domino effect began. Los Cabos quickly became the popular destination it is today.

Access to the Los Cabos area is good via air, sea and land. Cabo San Lucas has paved highway access from Tijuana to the north, by Highway 1, named the Transpeninsular Highway. From Cabo San Lucas to San Jose del Cabo is an area referred to as the "Corridor".

Cabo San Lucas also accommodates cruise ships; however, the ships dock outside of the marina/port area and use a water taxi program to and from said ships. The marina, a major asset and tourist attraction for the region, is within downtown Cabo San Lucas. However, a new marina, Puerto Los Cabos, is being developed just north of San Jose del Cabo downtown. San Jose Del Cabo has an international airport that has scheduled flights with Aeromexico, Alaska Airlines, American Airlines, US Airways, Continental Airlines, Frontier, JetBlue, Mexicana Airlines and other carriers. These airlines offer flights from major population and other destination centers. In addition to the national and international couriers, vast private jet and plane traffic fill the general aviation FBO portion of this facility. There are over 2 million annual passengers to Los Cabos.

The Los Cabos area is a well-known tourist destination. Some of the hotel resorts in the area include Palmilla the One and Only, the Dream at Cabo San Lucas, Casa Del Mar, Westin Regina, Las Ventanas Al Paraiso, Melia Los Cabos, the Grand Marquis of Los Cabos, Fiesta Americana, Sheraton and Hilton to name a few. There are a number of golf courses including Nicklaus, Dye,

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Weiskopf, Fazio and Robert Trent Jones Jr. Greg Norman is designing a course in the new Puerto Los Cabos development near La Playita. Cabo is renown for both its world-class golfing and fishing. The Bisbee fishing tournament has one of the largest purses in the world.

The area offers recreational amenities including shopping, restaurants, sporting activities (fishing, diving, snorkeling, boating) and ecotourism. The City has a general hospital, a campus for the University of Tijuana and other institutions of advanced education. An American based hospital is found in Cabo San Lucas. The amenities are attractive to the tourism industry, as well as the growing second home community.

Some of the most influential factors of the Los Cabos market are summarized as follows.

Los Cabos has:

1. The most expensive homes in all of Mexico.
2. The largest inventory of expensive homes in all of Mexico followed distantly by Puerto Vallarta and Mexico City.
3. The most expensive marina (fee per foot) along the Pacific Coast of North America.
4. The largest sport fishing fleet along the Pacific Coast of North America.
5. The “Bisbee” sport fishing tournament is world renown with large purses.
6. The second largest number golf courses in Mexico, second only to Mexico City, but with the largest number of Signature golf courses.
7. The most expensive prices of oceanfront and as well as non-oceanfront real estate in Mexico.
8. Known as the “Riviera” for California and the west coast of the United States.
9. Three international airports in Baja Californian Sur (Cabo San Lucas, San Jose del Cabo, La Paz).
10. Second largest private corporate airport in Mexico (adjacent San Jose del Cabo airport)
11. International investors, from raw land to end user product. Investors are from the United States, Mexico, Canada, Spain, Japan, China, and the Arab states.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The developed area on the Sea of Cortez side is called the “Corridor” the major mixed-use region for the area. The East Cape begins approximately 40 kilometers northeast of downtown Cabo San Lucas. Traveling north from downtown Cabo San Lucas along the corridor are:

M975-08 Montana Verde/Bruce D. Greenberg Inc.

<u>Project</u>	<u>Locale</u>	<u>Use</u>	<u>Golf</u>	<u>Hotels</u>	<u>Developer</u>
Punta Ballena	8 kilometers northeast of downtown Cabo San Lucas	Mixed	Planned	Auberge Esperanza	Luis Cano
Cabo del Sol	10 kilometers northeast of downtown Cabo San Lucas	Mixed	Nicklaus	Sheraton, Fiesta Americana	Don Koll
Cabo Real	20 kilometers northeast of downtown Cabo San Lucas	Mixed	Robert Trent Jones	Grand Marquis, Hilton, Dream, Las Ventanas, Casa del Mar	Sanchez Navarro
Palmilla	30 kilometers northeast of downtown Cabo San Lucas	Mixed	Nicklaus & Weiskopf	The One and Only	Don Koll/Ron Hatfield/ Kerzner International Limited
Querencia	32 kilometers northeast of downtown Cabo San Lucas	Mixed	Fazio	None	Axiom Partners

In addition, there are new major projects under construction.

Puerto Los Cabos	2 kilometers southeast of downtown San Jose del Cabo	Mixed	Nicklaus & Norman	None currently	Grupo Questro (Sanchez Navarro)
Cabo Pacifica	2 kilometers northwest of downtown Cabo San Lucas	Mixed	Nicklaus & Palmer	Pueblo Bonito, Pacifica, five-star to be named	Coppel family

M975-08 Montana Verde/Bruce D. Greenberg Inc.

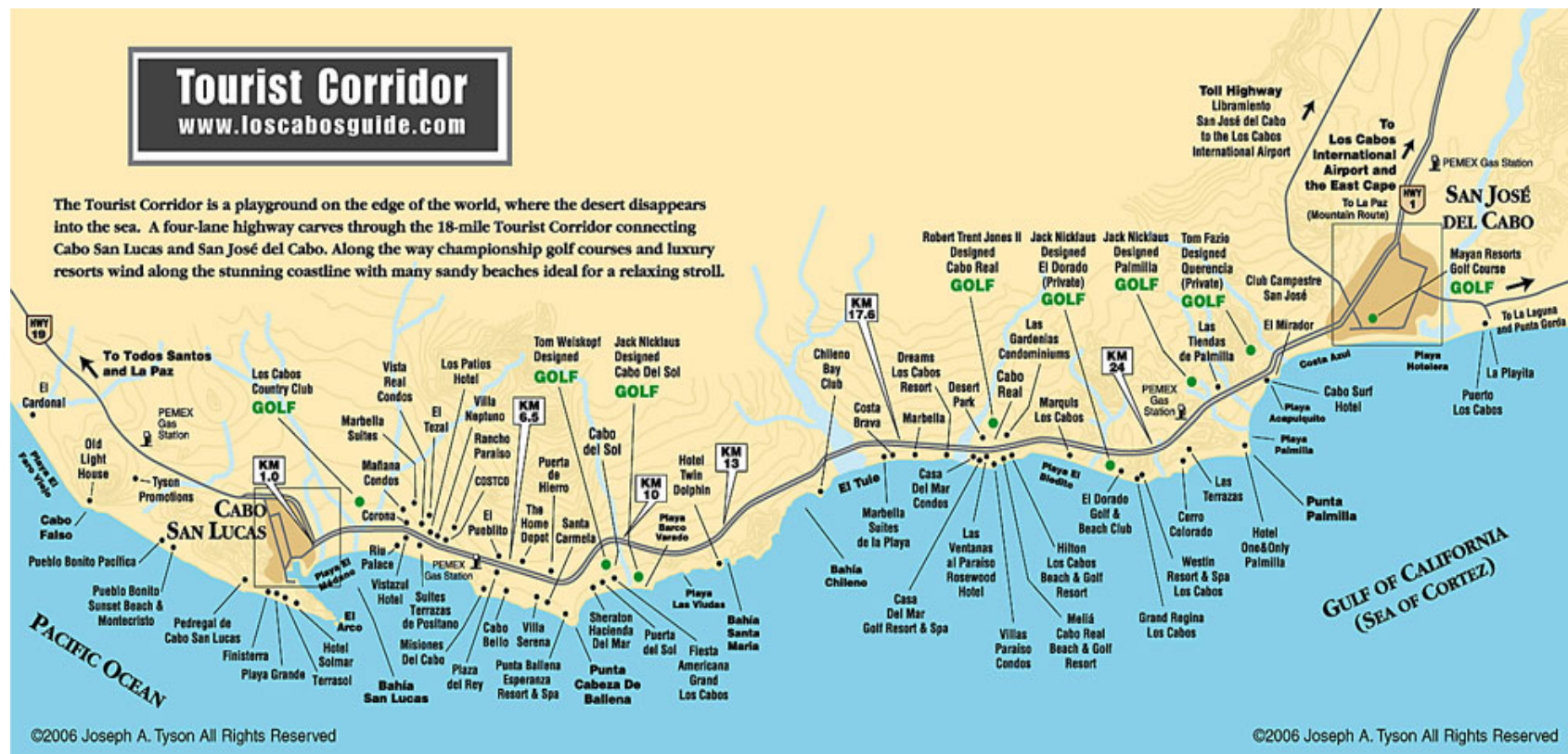
<u>Project</u>	<u>Locale</u>	<u>Use</u>	<u>Golf</u>	<u>Hotels</u>	<u>Developer</u>
El Dorado	20 kilometers northeast of downtown Cabo San Lucas	Mixed	Nicklaus	None	Discovery Land Co.
Chileno Bay	15 kilometers northeast of downtown Cabo San Lucas	Mixed	Fazio (2)	None	Chileno Bay Development Partners.
Diamante Cabo San Lucas.	About 10 kilometers north downtown Cabo San Lucas	Mixed	Love/Mickelson	None	Kenneth A. Jowdy/Partners
Vista Serena	12 kilometers northeast of downtown Cabo San Lucas	Mixed	Not released	Twin Dolphins (Montage)	Montage
Club Campestre	25 kilometers northeast of downtown Cabo San Lucas Adjacent to San Jose del Cabo	Mixed	Jack Nicklaus design	None	Grupo Questro (Sanchez Navarro)

The corridor contains some of the finest housing stock and hospitality facilities in Los Cabos.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Following is a summary of the major master-planned communities in the Los Cabos general area and along the Corridor.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: <http://www.loscabosguide.com/maps/maps.htm>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

CABO DEL SOL

This Irvine based Koll master planned community encompasses a selection of exclusive neighborhoods that feature custom homesites, ocean front condominiums, villas, a Nicklaus-designed Ocean Course, and Tom Weiskopf-designed Desert Course, as well as two luxury ocean front hotels, the Sheraton and the Fiesta Americana. When completed, the overall master plan is slated to have 1,700 residences, four championship golf courses, two clubhouses, three resort hotels, a village center and a full service beach club. The 45,000 square feet clubhouse is operating. Condominiums and villas are offered as well as lots. In select neighborhoods, full service property management and a year round rental program is offered with several vacation clubs owning condominiums and villas.

In the past two years, the developer has withheld additional new inventory awaiting future market price increases. Only resale's have been on the market in this time period. However, in early 2007, the Ocean Estates began construction of subdivision improvements for this new section. This area has previously been planned for a combination of single-family lots and a hotel. However, as the prestige of Cabo del Sol has increased, the developer has seen the higher profitability in single-family lots and has redesigned this area solely for single-family lots. The Ocean Estates are currently planned for 16 oceanfront lots with an additional 32 oceanview lots. The elevation difference between the rows are such that all lots would be afforded good oceanviews.

Recently, a deal with the Ritz Carlton hotel, planned for the oceanfront site adjacent to the Puerta del Sol condominium project, fell through. While the exact reason is not known, Mr. Tad Snell, sales manager of Cabo del Sol and Punta Ballena, stated that the hotel operator and developer could not agree on the terms of the deal. The developer may also utilize this site for single-family lots.

The masterplan of Cabo del Sol and aerial plan follows:

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: <http://www.snellrealestate.com/cabodelsol.cfm>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

•**Neighborhoods:** In total there are seven (7) neighborhoods: 1) La Riviera; 2) Las Colinas; 3) Vista Azul; 4) Las Brisas; 5) Buena Vista 6) Las Posadas and; 7) El Peñon. The first mentioned, La Riviera, presents buyers with some of the most desirable ocean front



property in México. It overlooks a secluded shoreline cove along with pristine panoramic views of the area. Las Colinas and Las Posadas are situated further back, nestled between the desert and ocean golf courses. Homesites in this neighborhood feature fairway views, desert landscaping and shots of the ocean. The third, Vista Azul, is located above the fourth hole of the Jack Nicklaus-designed Ocean Course and serves up spectacular fairway and ocean views. Las Brisas is positioned high above the second hole of the Jack Nicklaus-designed Ocean Course. Here residents can take delight in a range of different views such as the natural arroyos, fairways, the ocean and the lighthouse. The fifth, Buena Vista, overlooks the ocean front seventh green and eighth fairway of the Ocean Course. The final neighborhood, El Peñon, is located towards the back corner of the project and is surrounded by the 10th, 11th, and 12th holes of the Ocean Course. The Ocean Estates, currently being developed, is located between La Riviera and the Sheraton hotel and is considered to be even more desirable than La Riviera once fully developed.

•**Condominiums:** Cabo del Sol currently features one luxury condominium development totaling 69 units. Puerta Del Sol. The project offers two to five bedroom floor plans ranging from 2,335 to 3,316 square feet. The project was built beginning in 2001 when pre-construction sales began with prices starting at \$569,000 for two-bedroom units. All units feature spacious terraces, large living areas and angled to panoramic views of the ocean and fairways of the Ocean Course.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

In **2006**, prices of the units were as follows:

<u>Bedroom/Bath</u>	<u>Square feet*</u>	<u>Price</u>
2 Bd/2.5 Bth	2,335	\$862,500-\$1,725,000
2 Bd/2.5 Bth	2,690	\$1,023,500-\$1,207,500
2 Bd/2.5 Bth	2,594	\$862,500-\$1,120,000
2 Bd/2.5 Bth	2,882	\$1,100,000-\$1,600,000
3 Bd/3 Bth	3,316	\$1,250,000-\$2,000,000
Average (rounded):	2,763	\$1,275,000 (15% square feet)

*includes patio in square footage

Homesites: Custom homesites vary by view and by neighborhood. Some of the available options are desert, fairway, and ocean view sites. In the past two years, minimal inventory of lots have been available in Cabo del Sol. The developer, awaiting future market appreciation, has withheld a majority of inventory. There are few oceanfront lots that have been sold in recent years. As part of a land/home package in the Puerta del Sol Villas section, these lots had an original land price allocation of \$1,250,000 in 2002. The Ocean Estates lots, oceanfront lots, when released in a year, are expected to be priced above \$5,000,000.

Oceanview lots sold for between \$250,000 to \$350,000 in 2003; between \$350,000 to \$450,000 in 2004; between \$450,000 to \$600,000 in 2005; and \$500,000 to \$750,000 in 2006. This represents about a 12.5% average price annual appreciation from 2003 to 2006. Currently asking prices are at \$1,000,000 for the few remaining Las Colinas lots available for sale. While the \$1,000,000 asking price of these oceanview lots shows the strength of the development and the scarcity of the supply for this price range within this development, initial indication seem that the \$1,000,000 may be a bit overpriced.

•**Homes:** Custom homes also vary by view and by neighborhood. Again, in the past three years, due to the minimal inventory of lots being available in Cabo del Sol, homes sales have been minimal. Most sales have been resales of previously constructed/occupied homes.

Oceanview homes are from 3,000 to 8,000 square feet in size with 4,000 square feet being the typical size. In 2003, oceanview homes have sold for between \$550,000 to \$1,600,000 with a

M975-08 Montana Verde/Bruce D. Greenberg Inc.

predominate price of \$800,000. Oceanfront villas in Puerta del Sol sold for between \$2,500,000 to \$3,200,000. In 2004, oceanview homes sold for similar prices with one large homes selling for \$2,500,000, which began the trend of upward prices. In 2005, prices rose to between \$1,500,000 to \$3,000,000 for oceanview homes. In 2006, prices increased nominally and have been between \$2,000,000 to \$3,000,000 for oceanview homes, with listings as high as about \$4,000,000.

Due to a limited supply of oceanfront homes, there have been few sales in the past few years. Also due to a limited supply of oceanview lots, the oceanview homes have seen strong appreciation, equating to 100% appreciation since 2003, with most of the appreciation occurring in 2004-2006 period. This represents about an annualized rate of 25%.

In conclusion, Cabo del Sol is a high quality development that will soon rise to greater popularity once the Oceanfront Estates come to market. While current listings indicate a somewhat overpriced project, the stability of Cabo del Sol is long term and prices should eventually rise to higher levels, though at a more moderate pace in the future.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

CABO REAL

In 1982, Eduardo Sanchez Navarro, heir to the Corona Beer family, set his sights on over 3,000 acres on the “Corridor” between San Jose del Cabo and Cabo San Lucas. The once sloping landscape of cacti, scrub brushes and continuous views of the ocean is now the Cabo Real master planned community. Shortly thereafter, the Cabo Real Resort Club opened in 1989. It’s still being developed in planned phases as it takes into account market demand.

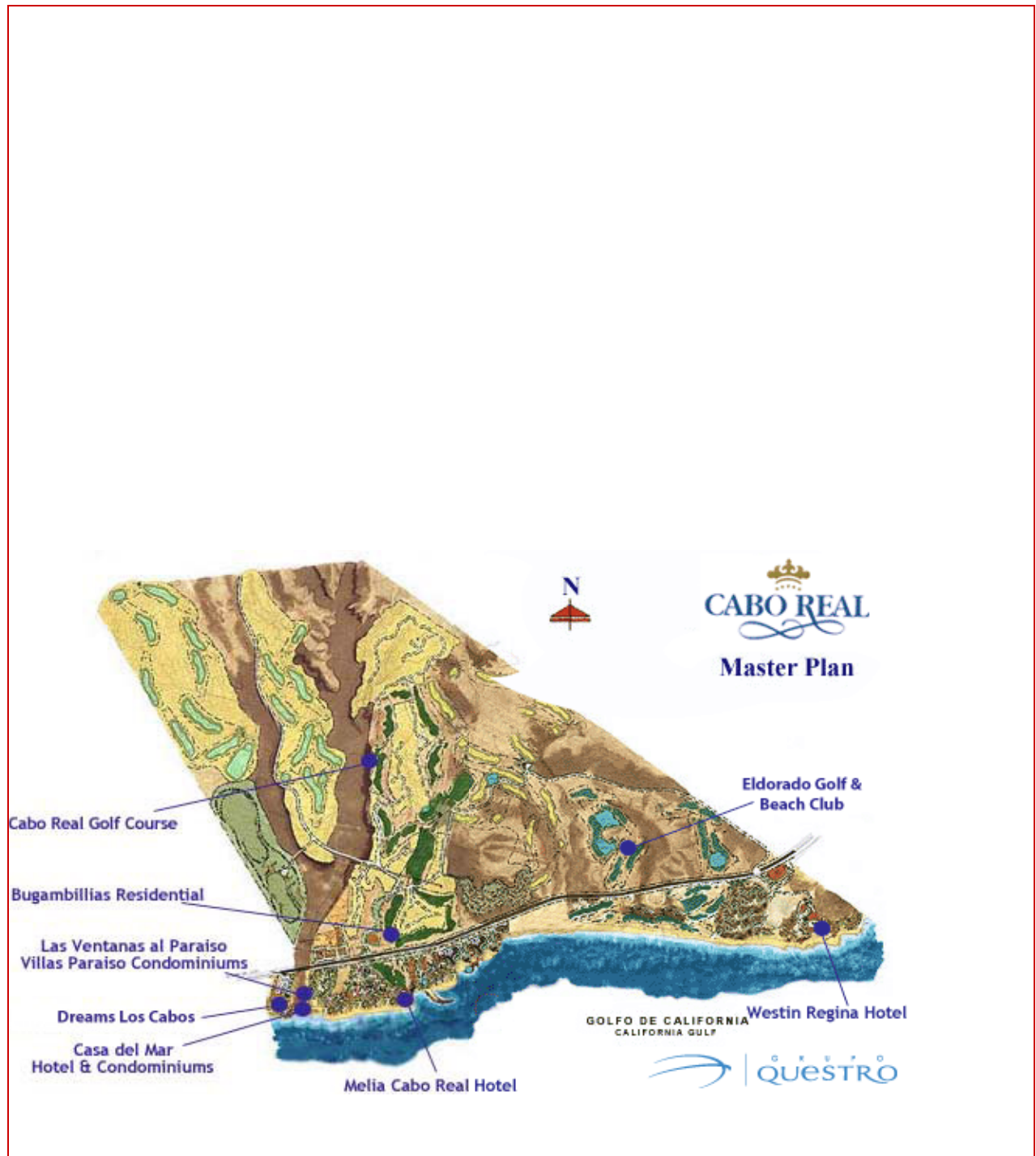
Cabo Real Golf & Beach Resort Master Plan includes pockets of condominiums and single-family homesites. The sites are located in several planned sections on the beach, the golf course, and in the mountains. A number of the sections are completed. The remaining sections are either under construction or in the planning stages. While all sections are nicely designed and complement the natural Cabo San Lucas surroundings, Cabo Real, with the exception of Las Ventanas, is the considered to be somewhat inferior to the other established master-planned communities of Cabo del Sol, Palmilla, and Punta Ballena. The master plan goes as follows:

- Condominium units
- Single-family homesites, 9 hotel sites with a total of 3,090 rooms
- 4 eighteen-hole championship golf courses
- 3 beach clubs for residents
- An activity center (which includes an equestrian club, botanical garden, ATV, bicycle and jogging trails)
- A town center, El Pueblito with shops restaurants, amphitheatre, chapel, bazaar and playground
- An electric power substation
- A sewage treatment plant and
- A fiber optic telephone station



The masterplan is as follows:

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: www.caboreal.com

M975-08 Montana Verde/Bruce D. Greenberg Inc.

•**Condominiums:** The units are situated around the Casa Del Mar Hotel wherein 173 luxury, one, two and three bedroom condominium units are available. Each unit features colonial Mexican architecture in an elegant low rise that overlooks the ocean.

Casa Del Mar Phase One began in 1989 and was completed in 1992. Phase One holds 90 condominiums, located on 12 acres. In spite of having sold out in 1992, units are still available for re-sale. Prices in 2000 were from \$230,000 to \$500,000 depending on location and view. 2006 prices are from \$650,000 to \$1,000,000, about a 20% annual increase from 2000. This project is older and considered inferior to most new projects, hence the lower price points. However, recent lack of supply of these units have aided in seeing recent price increases that are being sustained. While prices barely approached \$1,000,000 in 2006, listing prices of oceanfront condominiums are well over \$1,000,000, nearing \$1,300,000 levels.

Las Gardenias is a non-oceanfront golf course frontage project located within Cabo Real. The units, located in four-story buildings, are selling from \$400,000 to \$1,000,000 with most in the \$500,000 range. According to a sales agent at the Las Gardenias condominium project in the Bugambillas development, they are selling approximately one unit per month, or approximately 12 units per year.

This project shows the demand for golf frontage product in a master-planned community. While the quality of the units are below that of Cabo del Sol and Palmilla golf front condominiums, the lower price points in a master-planned setting with beach access is fueling demand for these units. Marketing of this project is not very aggressive as the location on the north side of the highway precludes it from the limelight as Casa del Mar and Las Ventanas enjoy by being beachfront. Nevertheless, this project shows that an affordable good quality non-beachfront unit is in demand in the market.

The most exclusive of these condominium projects is Las Ventanas developed by Hal Thannisch and recently purchased by TY Company, maker of Beanie Babies. In 2001, prices were from \$800,000 to \$1,700,000 for a 1,700 to 2,400 square foot Phase II and III condominium. In 2003,

M975-08 Montana Verde/Bruce D. Greenberg Inc.

prices ranged \$1,900,000 to \$3,500,000 for a 2,650 square foot Phase IV and V condominiums located on the top floors with good ocean views. In 2005, an oceanfront penthouse unit in the newest phase sold for near \$4,500,000. In 2006, prices are from \$1,250,000 to \$2,000,000 for units with no to little ocean views. According to Erika Orondez, on-site agent, no higher floors units are available, as the owners do not want to sell. She reported that a penthouse unit owner was recently offered \$5,500,000 for their unit, which they turned down.

•**Homes & Lots:** Surrounded by fairways and the Sea of Cortez, 66 large pool-size homesites are fully serviced with water, sewage, electricity, telephone, satellite television and Astroturf tennis courts. As of 2003, ocean/golf view lots were priced at between \$100,000 to \$300,000. Current 2007, pricing is now \$200,000 to \$500,000. The lack of vast appreciation is due in part to these homes being located on the north side of the Transpeninsular highway. One must cross the highway to access the beach. There is no vehicular crossover bridge like there is for Palmilla, and Cabo del Sol in crossing the highway, which makes it more difficult to cross and less desirable.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

PALMILLA

This was the original Koll project on the Los Cabos corridor. Kerzner International Limited and Goldman Sachs purchased the One and Only Palmilla hotel in 2003 and substantially renovated the hotel giving huge prestige to the already mega popular Palmilla. These two corporations are now the driving force behind the Palmilla project. Palmilla is situated on the Sea of Cortez. Palmilla offers residents a stunning combination of desert, sea and mountain vistas along with a collection of hacienda-style homes and villas. Palmilla has established itself as one of the premier location in Los Cabos. Currently, the Palmilla master planned community is offering prospective buyers the One & Only Palmilla Resort, a 27-hole Jack Nicklaus golf course, 9 exclusive residential neighborhoods, golf shop and a beautiful semi private beach. Although the project is still being developed, the master plan entails:



- A total 1,400 residences,
- A Palmilla beach club,
- A Golf clubhouse,
- A championship tennis facility,
- A village center and town plaza and;
- Top scale restaurants, shops and entertainment.

The masterplan of Palmilla and aerial plan follows:

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: <http://www.snellrealestate.com/palmilla.cfm>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

•**Condominiums:** Fragmented into two separate developmental phases, the Palmilla master planned community houses condominiums in Villas Del Mar (attached homes) south of the highway and Villas de Oro (attached condominiums) north of the highway.

The first, Villas Del Mar, is an ocean front community of 160 oceanview and oceanfront villas and casitas that allows direct beach access to the Sea of Cortez. In addition, the Villas Del Mar offers a set of villas with private pool and choice of floor plans ranging from three to five bedrooms.

The plan is as follows:

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

There are six phases of development for Villas del Mar. All of the oceanfront villas were built and sold in the mid 1990s to early 2000. Thus, only resales exist for this product. Oceanview villas began sales and construction in the mid 1990s but more prevalent in the 2003 to current time period. The following tables show the different phases of the project, the current pricing, the average size of the villas, and the per square foot range price.

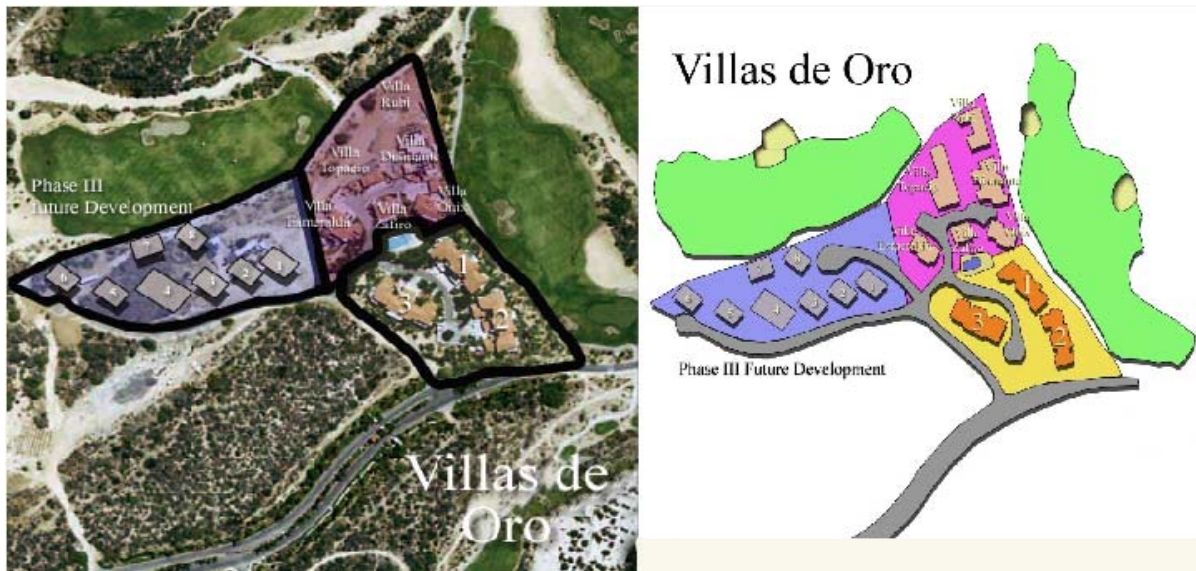
Villas del Mar				
Phase	View	Current Price Range (\$USD)	Approximate Size Range of Villas (SF)	Current price range per SF (\$USD)
		No recent resales, estimated price is \$5,000,000 to \$6,000,000		
I	Oceanfront		4,000	\$1,250 to \$1,500
II	Oceanview	\$3,000,000 to \$3,500,000	3,700	\$800 to \$950
III, IV	Oceanfront	\$6,000,000 to \$8,000,000	3,800 - 5,000	\$1,500 to \$1,600
III	Oceanview	\$4,000,000 to \$4,500,000	3,200 - 3,800	+/- \$1,250
IV	Oceanview	\$3,500,000 to \$5,000,000	3,900	\$900 to \$1,300
IV		Not available but estimated at about		
Hacienda	Oceanview	\$6,000,000 to \$7,000,000	5,000	\$1,200 to \$1,400
V	Oceanview	\$3,500,000 to \$4,500,000	2,800 - 4,000	\$1,000 to \$1,300
Las Entradas	Limited Oceanview	\$2,300,000 to \$2,800,000	3,000	\$750 to \$950

Source: Market abstracted sales database compiled by Bruce D. Greenberg Inc.

In the planning stages is Espiritu del Mar, the newest phase of Villas del Mar. These hillside villas will be similar in design to the existing hillside villas, but with lesser oceanviews. No pricing has been released yet but is expected soon.

The second project, Villas de Oro, is nestled between the number one and number nine fairways of the Jack Nicklaus Course and Palmilla Golf Club, north of the highway. The units offer ocean and fairway views. There are three phases to this project. The current developer, Mr. Gerry Burchard, took over Phase I when the project encountered slow demand. Currently, Phase I and II are sold out and Phase III is about half sold-out.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: www.snellrealestate.com

Phase I pricing was originally around \$300,000 to \$350,000 in 1998 for a 2,000 to 2,500-square foot two-bedroom unit. Phase II, which is similar to Phase I but with upgraded interiors sold in 2006 for \$500,000 for a 1,380-square foot two-bedroom unit to \$900,000 for a 1,992 square foot three-bedroom unit. Asking prices for Phase III are from \$850,000 to \$1,000,000 for a 3,100 to 3,600-square foot three-bedroom unit.

•**Homesites:** Custom lots may be purchased within 7 different areas: 1) La Caleta; 2) La Caleta Loma; 3) Oceano Alta & Baja; 4) Palmilla Canyon; 5) Palmilla Cove; 6) Palmilla Estates; and 7) Palmilla Oasis. A sampling of the range in price of homesites is as follows:

Caleta, an oceanfront and oceanview community, began sales in 1998. This subdivision, before El Dorado and Chileno Bay came online, had evolved into the most sought after subdivision in all of México. The oceanfront location, access to Palmilla, the allure of being the grandiose of Palmilla, the limited supply, as well as the spectacular homes, all contribute to the success of Caleta.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: www.snellrealestate.com

Oceanfront homesites were originally priced at \$1,100,000 to \$1,400,000 in 1998 and held steady until early 2000. In 2000 to 2001, prices jumped to around \$2,500,000. In 2002 to 2004 only a limited amount of product was on the market. The last oceanfront homesite in Caleta left undeveloped recently had an accepted offer of \$7,000,000. This same site sold in early 2006 for \$3,800,000, representing an appreciation of 85%!

La Caleta Loma, Phase II of La Caleta are oceanview homesites. These began sales in April 2001 for between \$450,000 to \$500,000. Current sales are from \$800,000 for sites adjacent to the highway to \$1,300,000 for those closer to the ocean. It should be noted that most appreciation in this subdivision has occurred in the last two years.



Source: www.snellrealestate.com Source: www.snellrealestate.com

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Ocean Baja and Oceano Alta are located along the Jack Nicklaus Signature golf course. Most of these homes have limited oceanviews but direct golf frontage, similar to the subject. These lots also have similar price points and characteristics as Palmilla Estates. Recent prices of the lots in these three sections, having limited oceanviews, but direct golf frontage have sold recently in the \$600,000 range. Home prices are in the \$1,200,000 to \$2,200,000 range. Due to the lack of inventory of these lots, prices have recently increased, though not as dramatically as Caleta Loma. Prices of these lots ranged in the \$400,000s two and three years ago.



Source: www.snellrealestate.com Source: www.snellrealestate.com

M975-08 Montana Verde/Bruce D. Greenberg Inc.

A new development worthy of analysis is Oasis Palmilla. The project is by the same developer of Villas del mar, Ron Hatfield. This section encompasses approximately 40 lots that surround a Nicklaus Signature golf hole. Sales of these lots began in mid-2006. To date all but five lots have been sold equating to an absorption of about 4 lots per month. Current sales are in the \$900,000 to \$1,000,000 range. We recently completed an appraisal for a vacation club. The vacation club purchased 10 lots and was given a bulk purchase discount. The effective price was about \$850,000 for each lot.



The views of the ocean from the lots within the Oasis Palmilla are similar, if not more limited, than those selling in Oceano Alta and Baja and Palmilla Estates/Fairways, that sell for \$600,000. The difference is simple. The lots within the Oasis Palmilla section have two attractions that the Alta/Baja/Estates/Fairways lots do not. First, Oasis was developed by the developer of Villas del Mar. The credibility and prestige of being associated with Villas del Mar is an attraction for buyers.

Buyers in Palmilla are attracted to the name, just like a name brand sells for more than a similar generic brand, so does Palmilla. Being associated with Villas del Mar is similar. On this note, the buyers of Oasis Palmilla have access to Club 96, the exclusive high-end beach club for Villas del Mar. Since Mr. Hatfield controls this club, he can allow access to the Oasis owners. This club is highly sought after due to its prestige.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

It has become very apparent in the Los Cabos market, that if a development has a established name, or associated with movie stars, etc., the prices and absorption are much higher than the rest of the market. Las Ventanas in Cabo Real, Esperanza in Punta Ballena, and El Dorado all have seen higher prices and absorption due this factor. Oasis Palmilla also is a beneficiary of this trend, which explains the higher prices and absorption.

The perceived safety of the development is also enhanced. However, this is less of a concern as Los Cabos real estate, especially that in Palmilla and represented by Snell Real Estate does not have concerns over legitimacy.

The above data shows that while oceanview is key, having golf frontage to offset limited oceanviews is in demand as well.

•**Homes:** Homes is the La Caleta subdivision sell few and far between. A few oceanfront sales and listings have occurred recently. These are from around \$5,000,000 to nearly \$12,000,000. However, there are a few larger, very high-end oceanfront homes that local agents have stated have received offers nearing \$15,000,000. Overview homes are selling from \$3,000,000 to \$5,000,000. Palmilla is a very distinguished development in Los Cabos and finding a similar home in Los Cabos is difficult, hence owner don't want to sell in Caleta. Homes in the Ocean Alta and Baja sections, as well as the Palmilla Estates and Fairways sections are selling between \$1,000,000 for older smaller homes to \$2,500,000 for newer larger homes.

Lastly, Canyon Ranch, a high-end spa is in the planning stages to develop a spa within Palmilla. This has not been officially released but should be soon.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

PUNTA BALLENA



Located three miles from the town of Cabo San Lucas, on the south side of the corridor Punta Ballena is a residential community that offers two miles of lighted walking paths, an ocean front beach club, a golf practice facility, which includes a driving range, chipping area, a putting course and an on-site concierge service. Most impressive however is the Esperanza Resort Hotel spa that opened in spring of 2002. Esperanza is one of the finest Resort Hotel spas ever built in México and is made up of a 174-acre, exclusive, gated community/world class resort hotel/spa from Auberge Resorts of Napa Valley, California. Exclusive Resorts, a premier vacation club, recently purchased an entire building within Esperanza. Some of the residential and community features go as follows:

- A Fitness Club;
- An Ocean Side Beach Club;
- A Mediterranean Market located in Esperanza;
- A Luxury Spa in Esperanza;
- A Lighted Tennis Court;
- A Signature Esperanza Restaurant;
- Secluded Snorkeling & Diving Bays and;
- Underground Utilities.

Within Punta Ballena are several residential sections of differing types of high-end residential product.

Featuring 53 single-family homesites, Las Residencias allows prospective buyers to design and build their own residence. Although sites are limited, oceanfront and ocean view sites are still available at an average of 1/3 to 1/2 acres in size. Early 2002, pricing of these lots were from \$325,000 for lots in the rear of the subdivision having limited ocean views to \$2,500,000 for oceanfront homesites. 2003 pricing remained relatively the same and only moderately increased in 2004. In 2005 to 2006, prices increased substantially. The \$325,000 lot is now listed for \$700,000

M975-08 Montana Verde/Bruce D. Greenberg Inc.

and all oceanfront lots have been sold. Recently, a spec home on the oceanfront sold for \$7,000,000. There are few lots remaining and the developer is not willing to negotiate on price due to the lack of supply. As such, the listing prices are always achieved, albeit at much longer marketing times. The appreciation has averaged about 25% per year. Oceanview homes in the section are now selling for between \$2,000,000 to \$4,000,000.



Source: www.snellrealestate.com

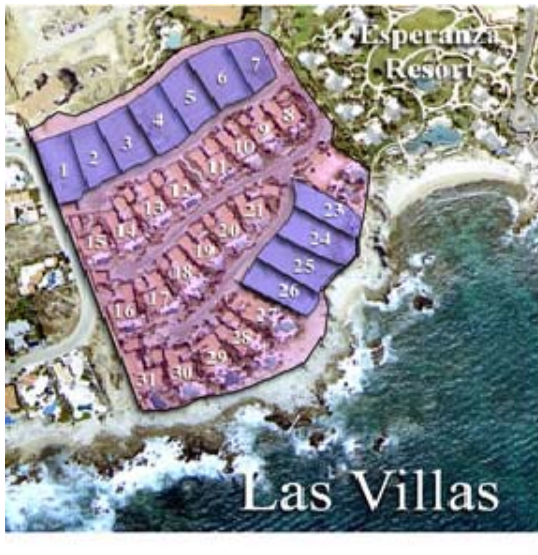
Oceanfront lots have been sold for some time and no recent sales have occurred.

Punta Ballena is currently offering 30 single-family homes within the community of Las Villas. The Las Villas community is a sundry of custom 4 bedrooms, 4.5 bath villas. The original Punta Ballena phase offers two types of villas that make up the Las Villas project titled Las Arenas and Las Conchas. Both offer a private entry courtyard, custom designed patios with pool/jacuzzi's and an outdoor fireplace.

There are only nine ocean front villas in Las Arenas. Las Arenas floor plan calls for 4 bedrooms, 4 ½ baths, a separate guest cottage and two master suites on approximately 5,000 square feet. Las Arenas Villas also include ocean front infinity edge pools, waterfalls, and private jacuzzi's. In 2002, these villas were priced at near \$3,500,000. Currently, three villas are for sale, priced between \$6,500,000 to \$7,000,000. Two of these two villas have had recent price reductions and been on the market for over a year.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

There are three rows of villas in Las Conchas for a total of 22 homes. These 4 bedrooms, 4 ½ bath ocean view villas offer a separate guest cottage, indoor-outdoor showers and a kitchen. Villa sizes run from 3,200 to 4,800 square feet. In 2002, these villas were priced at between \$1,600,000 to \$1,900,000. Currently, the last row of homes, furthest from the ocean, are for sale. The seven villas are priced between \$2,750,000 to \$3,000,000. The best lot, a corner home, is currently in escrow for about \$3,000,000.



Source: www.snellrealestate.com

Completed in April 2003, Las Estrellas is Punta Ballena's condominiums. These 3 bedroom, 3 ½ bath units are over 2,950 square feet. Features include two master suites and over 750 square feet of outdoor patios. Prices were originally just below \$1,000,000. Current prices are selling between \$1,200,000 and \$2,000,000. The lower price point with high quality units, good ocean views, though somewhat distant, has equated to an annual appreciation of 25% to 30%. Further, the close proximity to the Esperanza project has helped absorption.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: www.snellrealestate.com



Lastly, within the Esperanza resort there are fractional condominium units. These units are tied to the exclusive hotel and carry a prestige with them, which is reflected in the pricing. Pricing of 1/8 share ownership in 2004 to 2005 was around \$425,000 per 1/8th share. Current asking prices for Phase II units, (24 units) are nearing \$685,000 per 1/8th share. This represents a 50% increase over the past year showing the demand for exclusivity in the Los Cabos area.

Currently, fractional 1/8 shares have sold for \$625,000 per 1/8th share. Thus, a whole unit or eight 1/8th shares would equal \$5 million, much higher than virtually all condominiums in Los Cabos. The units only have oceanviews and are not oceanfront. The prestige of Esperanza and its movie stars that frequent it, as well as the limited supply of these units, are increasing prices.

Recently, Exclusive Resorts recently purchased an entire building in the newest section of Esperanza for use with their vacation club.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

PUERTO LOS CABOS

The first project north of downtown San Jose del Cabo and the first to be developed outside the “corridor” is Puerto Los Cabos being developed by Corona Beer’s (Cabo Real’s) Sanchez Navarro. This is a mix-use project with 3,000 acres in the initial phases. A marina is currently under construction that will provide full services including docks, slips, customs/immigration, fuel station, dry storage and ferry terminal. The marina area will also contain several boutique hotels, commercial, retail and restaurants. According to on-site agents, two of the four ocean-front hotel sites are in current negotiations. One is reported to be a St. Regis hotel.

Puerto Los Cabos has planned also to include when fully developed residential lots, an 18-hole Greg Norman design golf course, an 18-hole Jack Nicklaus design golf course, ecological/cultural park, mission/museum and residential uses. The first nine holes of the Nicklaus golf course are slated to open in mid-2007 with nine holes of the Norman course opening in mid-2008. The marina is expected to open in late 2007.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The residential subdivisions are as follows:

SUBDIVISION	VIEWS	# Lots	PRICE RANGE	LOT SIZES (Sq. Meters)
La Noria	Ocean/Golf	50	\$250,000 - \$500,000	1,700 – 2,500
El Atillo	Ocean/Golf/Interior	79	\$250,000 - \$550,000	1,950 – 2,200
Los Animas	Ocean/Interior	223	Not yet released	1,500 – 2,200 estimated
Fundadores	Ocean front/Ocean/ Golf/Interior	230	\$300,000– \$12,000,000	1,775 – 3,700

Sales began in March 2004. Until early 2006, when most of the good lots were sold, absorption of lots was about 10 lots per month. Since that time, absorption has slowed considerably.

Fundadores is currently selling, however, not all lots have been released in this subdivision. Sales agents stated that ocean front lots in the Fundadores subdivision have been pulled from the market awaiting further price appreciation in the market and sell-out of the non-ocean front lots in the project. All but three ocean front lots sold in the first few months of offering back in Mid 2004. Prices were from \$1.5 million to \$2.7 million. Currently, an oceanfront lot that sold in mid-2004 for \$1.7 million, sold in mid-2006 for \$3.5 million, a 105% increase over a two-year period. Two other oceanfront lots sold for \$3.25 million. However, this increase is not expected to continue as oceanfront lots were priced below the market in mid-2004 as it was unclear that this project could command such prices.

After seeing the quick absorption and realizing that the prices were too low, the developer took the remaining three oceanfront lots off the market. 2nd and 3rd row ocean view lots are priced just below \$2 million. These lots appear also to be a bit overpriced, but only slightly overpriced. One of the best of these lots recently sold for \$1.9 million.

Currently, Lot 7, the less desirable ocean front lot in the subdivision due to flooding concerns is available for sale at \$3.8 million. Lot 25, the best lot in the subdivision overlooking the beach club and golf course, was reportedly recently sold for \$12 million. Lot 24 has not been released.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

In the planning are oceanview condominiums. No details have been released but prices are anticipated to be from \$900,000 with a large penthouse asking \$6,000,000.

Further, Mision La Serena is an oceanfront fractional share development within Puerto Los Cabos. Developer Manual Espinosa is offering 75 high quality units with many on-site amenities. Two and three-bedroom units from are available with prices from \$185,000 to \$725,000 for a two-week to 3 month fraction. One owner recently purchased a two-bedroom unit, all 52 weeks for \$2,800,000. About 35% of the available shares have been sold. Sales began in mid 2006. The first building just finished construction. Amenities and other buildings are currently under construction. Two-bedroom units are about 2,250 square feet in size. Three-bedroom units are about 3,500 square feet in size. The masterplan follows.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

While the marina is a large attraction to the development, as well as the Norman and Nicklaus golf courses, the location near downtown San Jose del Cabo is also augmenting sales.

The East Cape area, or area north of the highly demanded “Corridor” area, is beginning to attract much attention and somewhat comparable prices. The East Cape is definitely benefiting from Puerto Los Cabos as well as the Vidafel-Mayan Palace project. There are no current master-planned communities north of Puerto Los Cabos. This area is generally not considered direct competition to Puerto Los Cabos due to the current lack of quality infrastructure. However, the demand for the East Cape has risen dramatically as Puerto Los Cabos has been developed.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

EL DORADO

The owners of the Discovery Land Company, an highly exclusive United States based developer has made Los Cabos one of its many locations for its premier developments. With exclusive development are Silicon Valley, Scottsdale, Hawaii, Bahamas, and Idaho, adding Los Cabos to the list seem like a natural.

A gated private golf and beach development, in Phase I, El Dorado has 520 acres with one mile of beach. The 18-hole Jack Nicklaus Signature course meanders through the development, directly behind the 60 homesites. Amenities include:

- Private non-equity membership club structure limited to 350 memberships.
- 18-hole Jack Nicklaus-designed private golf course.
- The El Dorado golf course is already ranked as one of the top courses in the world.
- Luxurious golf and beach club, featuring:
 - World-class spa facilities
 - State-of-the-art fitness center
 - Members' shopping boutique
 - Inviting men's and women's lounge and locker areas
 - Resort-style swimming facilities
 - Numerous indoor and outdoor dining facilities from casual poolside fare to exquisite 5-star dining
 - Championship-style tennis courts

The land for development for El Dorado encompasses over 2,000 acres, with most land being on the north side of the highway. The highway, however is being relocated about 1 kilometer to the north. This movement of the highway will allow for more land to have direct beach access and be included in the first phase oceanfront area. Phase II conceptual plans have yet to be released.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



RESIDENTIAL OPTIONS

OCEANFRONT ESTATE LOTS	41
OCEANVIEW ESTATE LOTS	26
TOTAL ESTATE LOTS	67
OCEANFRONT ESTATE VILLAS	12
OCEANVIEW ESTATE VILLAS	82
TOTAL ESTATE VILLAS	94
CASITAS	36



KM 23 Caban: Thomsen C.S.L. & J. C. San Jose Ltd. Cabo B.C.S. Mexico CD 23400 Tel: 011-52-424-7494864 Fax: 011-52-424-7494864 E-mail: info@el-dorado.com.mx

Source: www.discoverylandco.com

M975-08 Montana Verde/Bruce D. Greenberg Inc.

El Dorado has had a phenomenal impact upon Los Cabos. Before sales began, oceanfront homesites in a master-planned community, of about 1/3 acre in size, sold for \$3,000,000 to \$4,000,000 with Caleta in Palmilla being the highest at near \$4,000,000.

El Dorado sold all of but six of the sixty lots since August 2005 for prices between \$7,000,000 and \$12,000,000 for oceanfront lots and \$3,000,000 to \$6,000,000 for second row oceanview lots. Oceanview lots are elevated well above oceanfront lots giving very good oceanviews. This equates to an absorption rate of about three lots per month. Recent resales of oceanfront single-family lots have been between \$7,500,000 to \$8,500,000. Recent resales of second row single-family lots have been around \$5,500,000.

In addition, attached casitas or condominiums are being offered. The casitas are either in a four-plex or a nine-plex.

The four-plex villas are three- and four-bedroom villas between 3,600 and 4,400 square feet. The three-bedroom villas have sold at \$4,000,000 or \$1,100 per square foot with the four-bedroom priced at \$7,000,000 or \$1,600 per square foot for oceanview second row residences.

The nine-plex casitas are in the third and fourth rows from the beach but with good oceanviews and golf views. There are 4 buildings in the first Phase with an expected 14 more buildings, totaling 162 units. The two-bedroom units are listed for \$2,300,000; four-bedroom units listed for \$4,500,000; and two 11,200 square foot penthouses recently sold, per the sales agent, for north of \$10,000,000.

Sales of the casitas and villas product began about May 2006. To date, about 60 units have sold equating to an absorption rate of about 3 units per month.

Currently, homes are under construction. Recent spec homes have sold for between \$8,500,000 to \$10,000,000. The highest priced spec home listed for sale is an 8,700 square foot oceanfront home listed for sale for \$16,000,000.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

This is the highest priced home in Mexico that we are aware of. Again, it is only an asking price.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

CABO PACIFICA

The Pacific side of the Baja California Peninsula, just north of Cabo San Lucas, is starting to develop. Cabo Pacifica/Sunset Beach, with its first development, Pueblo Bonito, a timeshare hotel, is located just north of the Pedregal community. The Coppel family is the developer of this resort. With a Spanish motif, this newly developed area is one of the finest in Cabo San Lucas.

The development will encompass about 1,000 residential units in addition to hotels and timeshare resort and facilities. There are approximately 20 to 25 parcels designated for residential use. The parcels total about 600 acres and range from about 10 acres to 90 acres. Golf, common area, lakes, and recreation areas are also planned as well as limited commercial and services associated with the hotel and timeshares.

Planned are two golf courses with Jack Nicklaus Signatures. These courses will have branded villas, built villas similar to Villas del Mar, associated with them. These villas will be along the ocean and have all hotel services available to them.

Of these, there are about proposed 175 homes. Within these 175 homes, there are about 30 proposed oceanfront homes, 30 proposed second row homes with a proposed golf course behind. Then there are 30 proposed third row homes overlooking the proposed golf course. Finally, there are 30 proposed homes in each row for the fourth and fifth rows. Prices have not been released for the homes (only built product will be sold), however, they are expected to be between \$5,000,000 and \$10,00,000.

The Montecristo development, the first non-timeshare product in Cabo Pacifica to be offered is a collection of hillside residences sold in fractional shares. Senor Jose Luis Mogollon, project director, state that they have sold about \$50 million worth of fractional sales in the past year or so.

Homes in the Montecristo development are being sold in 1/8 fractionals with good success. There are 84 homes planned. Prices are about \$350,000 per 1/8 share. HOA fees are about \$8,000 per month but include full hotel services.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Other future plans are for oceanfront and oceanview lots, as well as large homes on larger lots surrounded by golf and lakes. The conceptual masterplan is included below.

The development is near to closing a deal for a five-star hotel with associated branded villas. While the name is not being released to the public at this time, we are aware of the operator and note that it is a highly respected brand. An announcement is expected soon. This will be the final hotel at the development as the developer realizes that a hotel is less profitable than selling lots or homes.

The Google map follows:



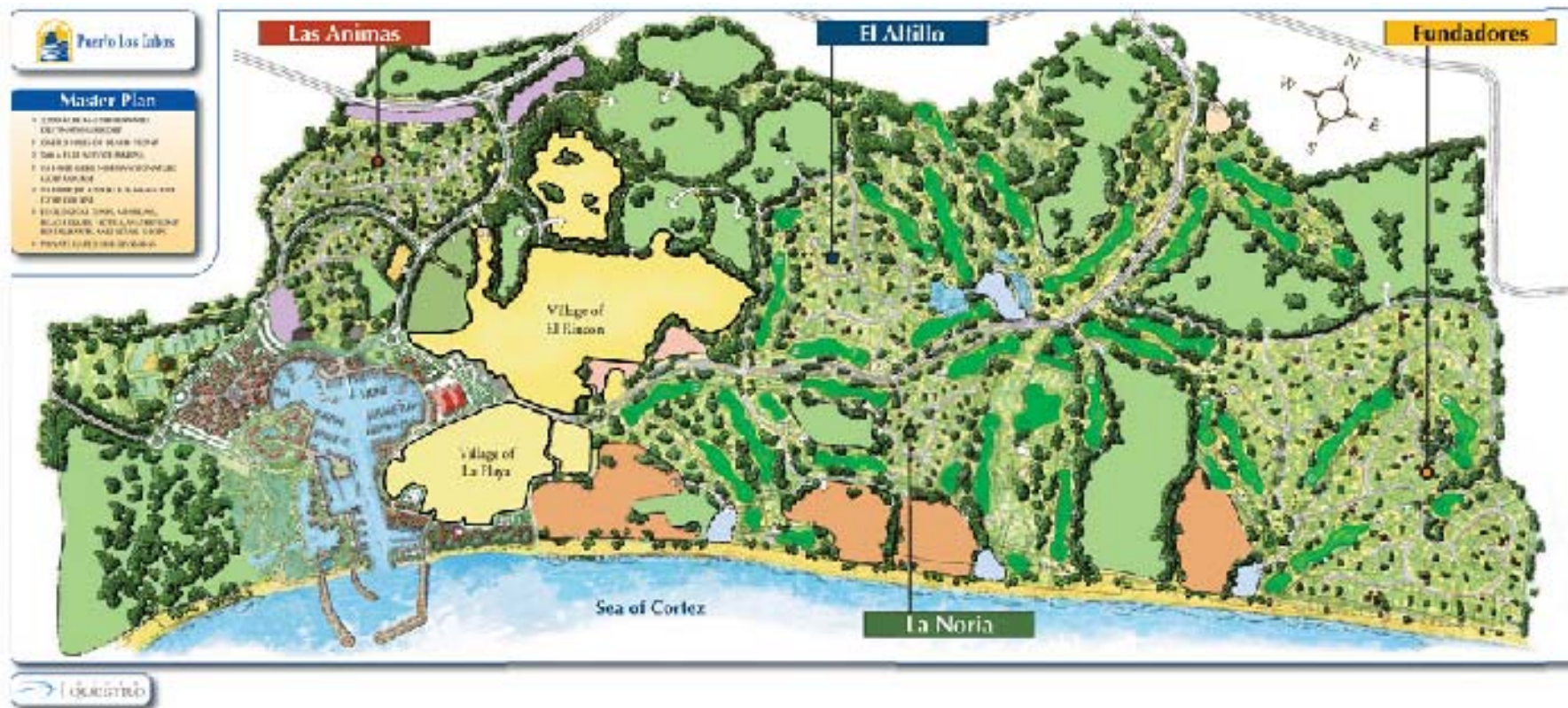
M975-08 Montana Verde/Bruce D. Greenberg Inc.

PUERTO LOS CABOS

The first project north of downtown San Jose del Cabo and the first to be developed outside the “corridor” is Puerto Los Cabos being developed by Corona Beer’s (Cabo Real’s) Sanchez Navarro. This is a mix-use project with 3,000 acres in the initial phases. A marina is currently under construction that will provide full services including docks, slips, customs/immigration, fuel station, dry storage and ferry terminal. The marina area will also contain several boutique hotels, commercial, retail and restaurants. According to on-site agents, two of the four ocean-front hotel sites are in current negotiations. One is reported to be a St. Regis hotel.

Puerto Los Cabos has planned also to include when fully developed residential lots, an 18-hole Greg Norman design golf course, an 18-hole Jack Nicklaus design golf course, ecological/cultural park, mission/museum and residential uses. The first nine holes of the Nicklaus golf course are slated to open in mid-2007 with nine holes of the Norman course opening in mid-2008. The marina is expected to open in late 2007.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



Source: <http://www.puertoloscabos.com>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The residential subdivisions are as follows:

SUBDIVISION	VIEWS	# Lots	PRICE RANGE	LOT SIZES (Sq. Meters)
La Noria	Ocean/Golf	50	\$250,000 - \$500,000	1,700 – 2,500
El Atillo	Ocean/Golf/Interior	79	\$250,000 - \$550,000	1,950 – 2,200
Los Animas	Ocean/Interior	223	Not yet released	1,500 – 2,200 estimated
Fundadores	Ocean front/Ocean/Golf/Interior	230	\$300,000– \$12,000,000	1,775 – 3,700

Sales began in March 2004. Until early 2006, when most of the good lots were sold, absorption of lots was about 10 lots per month. Since that time, absorption has slowed considerably.

Fundadores is currently selling, however, not all lots have been released in this subdivision. Sales agents stated that ocean front lots in the Fundadores subdivision have been pulled from the market awaiting further price appreciation in the market and sell-out of the non-ocean front lots in the project. All but three ocean front lots sold in the first few months of offering back in Mid 2004. Prices were from \$1.5 million to \$2.7 million. Currently, an oceanfront lot that sold in mid-2004 for \$1.7 million, sold in mid-2006 for \$3.5 million, a 105% increase over a two-year period. Two other oceanfront lots sold for \$3.25 million. However, this increase is not expected to continue as oceanfront lots were priced below the market in mid-2004 as it was unclear that this project could command such prices.

After seeing the quick absorption and realizing that the prices were too low, the developer took the remaining three oceanfront lots off the market. 2nd and 3rd row ocean view lots are priced just below \$2 million. These lots appear also to be a bit overpriced, but only slightly overpriced. One of the best of these lots recently sold for \$1.9 million.

Currently, Lot 7, the less desirable ocean front lot in the subdivision due to flooding concerns is available for sale at \$3.8 million. Lot 25, the best lot in the subdivision overlooking the beach club and golf course, was reportedly recently sold for \$12 million. Lot 24 has not been released.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

In the planning are oceanview condominiums. No details have been released but prices are anticipated to be from \$900,000 with a large penthouse asking \$6,000,000.

Further, Mision La Serena is an oceanfront fractional share development within Puerto Los Cabos. Developer Manual Espinosa is offering 75 high quality units with many on-site amenities. Two and three-bedroom units from are available with prices from \$185,000 to \$725,000 for a two-week to 3 month fraction. One owner recently purchased a two-bedroom unit, all 52 weeks for \$2,800,000. About 35% of the available shares have been sold. Sales began in mid 2006. The first building just finished construction. Amenities and other buildings are currently under construction. Two-bedroom units are about 2,250 square feet in size. Three-bedroom units are about 3,500 square feet in size. The masterplan follows.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

While the marina is a large attraction to the development, as well as the Norman and Nicklaus golf courses, the location near downtown San Jose del Cabo is also augmenting sales.

The East Cape area, or area north of the highly demanded “Corridor” area, is beginning to attract much attention and somewhat comparable prices. The East Cape is definitely benefiting from Puerto Los Cabos as well as the Vidafel-Mayan Palace project. There are no current master-planned communities north of Puerto Los Cabos. This area is generally not considered direct competition to Puerto Los Cabos due to the current lack of quality infrastructure. However, the demand for the East Cape has risen dramatically as Puerto Los Cabos has been developed.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

CABO CORTES

Cabo Cortes is the newest and largest development in the Los Cabos region. Located in the El Rincon area, about 50 kilometers north of the San Jose del Cabo International Airport, this 4,000 hectares (+/- 10,000 acre) development is headed by Mr. John McCarthy, former head of FONATUR.

The development has approximately 7 kilometers of sandy beach ocean frontage and is proposed for a development of four phases encompassing 3,800 condominium units, 4,500 single-family homes, 4 and a half golf courses, three resort village areas, a marina, a private airport, plus over 700 hectares in preservation/open space.

Prices or sales stats have not been announced, however, Mr. McCarthy states that there have been a strong amount of reservations taken. Mr. McCarthy states that residential units will begin at prices as low as \$150,000.

The website is www.cabocortes.com

The masterplan of Phase I is as follows:

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

PACIFIC OCEAN SIDE



Source: <http://www.loscabosguide.com/maps/maps.htm>

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Again, an important factor to consider in the evaluation of the development trends in the Los Cabos area is the direction of growth. The developments are beginning to evolve north of Cabo San Lucas. While the access to air and ground travel is facilitating this growth, the primary drive of this area is the lower prices. Oceanfront lots can be purchased for under Corridor prices.

There are a few drawbacks to the Pacific Ocean. One, the waves are very large and dangerous and the beach is not swimmable. While some this appeals to some surfers, the danger keeps many away. Second, the wind is harsher on the Pacific Ocean side. While the breeze cools down the area during the summer, when the corridor area gets very hot, much of the year the wind is constantly blowing. Cabo Pacifica, for example, has built large glass walls to impede the wind.

These factors have suppressed the demand and prices of the Pacific Ocean side. However, as the corridor is built out, demand is pushing its way forward and the Pacific Ocean side is the beneficiary.

The following summarizes the current projects in the area that are influencing the market.

Rolling Hills, located about 9 miles north of downtown Cabo San Lucas on the Pacific Ocean side of the Baja, is a 650-lot single-family subdivision. The development is located off the ocean, being all oceanview hillside lots. Currently, beach access is very limited as the parcel between the development and the ocean has different owners and the topography of this parcel is steep.

Sales began in this project in March 2005. According to developer John Thomsen, about 245 lots have sold, equating to an absorption rate of about 6 lots per month. The subdivision will have underground utilities, gated access, and landscaped common areas with a small clubhouse and pools throughout the development.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Rolling Hills is one of the first non-oceanfront projects that have been successful in the area. Its close proximity to downtown Cabo San Lucas and quality infrastructure, as well as the lower pricing compared to the Los Cabos area has fueled its success.

Lot prices in this project began in the \$40,000 to \$100,000 (average of \$70,000) per lot range when sales began in 2005 and when no infrastructure was being installed. Currently, lots are selling for between \$80,000 and \$180,000. Lot sizes range from between 13,000 to 20,000 square feet with a variety of degrees of ocean views.

Los Cerritos is planned for 2,200 lots, most of which are oceanview lots. Sales began about 1 ½ years ago. To date, there has been about 60 lots sold that are within walking distance to the beach, which equates to an absorption of 3 lots per month. There have been some other lot sales but these are well in the back of the development for minimal prices. Prices of lots range from \$40,000 for oceanview lots to \$95,000 for second row oceanview lots to \$395,000 for oceanfront lots. There has been only one oceanfront lot sale and this sale is still pending. Lot sizes are from

Playa Agave Azul (Tequila Ranch), located within Pescadero, about 20 kilometers south of Todos Santos is a 42-lot subdivision. According to the developer, Mr. Dan Harris and Mr. Tony Cordova, this subdivision sold out about 1 year ago. The absorption was about 10 lots per month. The subdivision has underground utilities, paved roads, and good quality landscaping. Lot prices started from \$185,000 for ocean views lots to \$800,000 for oceanfront lots. Lot sizes are around 20,000 square feet. Recently, a second row lot re-sold for about \$365,000. This was a very motivated seller however, and the lot was sold without adequate marketing time. The last oceanfront lots sold about 1 and a half years ago for \$800,000 to \$950,000.

These projects are all on the lower end of the price range. This is due primarily to the lack of quality infrastructure and not being within a master-planned community.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

EAST CAPE

An important factor to consider in the evaluation of the development trends in the Los Cabos area is the direction of growth. The development of the Los Cabos area has occurred primarily between Cabo San Lucas on the south and San Jose Del Cabo on the north. Highway 1 that connects the two cities and the international airport north of San Jose facilitated the development of the corridor. This area has been developed with world class resorts, spas, golf courses and residential projects. As noted above, the developments are beginning to evolve north of San Jose. The access to air and ground travel is facilitating this growth.

The East Cape is also in demand. Most of the ocean is swimmable, unlike the Pacific Ocean or the corridor. Most buyers in Los Cabos hardly ever go in the water, but opt to relax by the pool and enjoy the oceanview. However, the attraction and opportunity to swim in the ocean has attracted the buyers in this area.

The development trend along the East Cape also continues with major projects planned along the beach areas north of San Jose Del Cabo.

North of Puerto Los Cabos is a proposed 1,200-hectare (+/-3,000 acres) Vidafel-Mayan Palace project. The development will have approximately 1 kilometers of ocean front. There are well-established Mayan Palace projects in Puerto Vallarta, Nuevo Vallarta, Acapulco and Puerto Penasco. These projects will be accessed via a planned road connecting to the airport and Highway 1. These projects will add to the success of the region.

The project will bring utilities to the development. Other adjacent projects, then, may be able to access utilities. The project will be much like the Nuevo Vallarta Mayan Palace with hotels, golf, villas, condominiums, and many amenities.

The area of the East Cape, has seen increased demand over the past year or so primarily due to the impact of the Corridor and these two projects. Real estate in the Corridor, as shown above, has seen escalating prices and limited supply. As prices have increased, the more price sensitive buyer has

M975-08 Montana Verde/Bruce D. Greenberg Inc.

been shut out for ocean front property. This trend has caused buyers to go further north along the Pacific side and the Sea of Cortez side.

Development such as Puerto Los Cabos and the future Mayan Palace has and will continue to see expansion and increased demand in this area. With the impact of these projects, utilities will be extended to Mayan Place. Then access to utilities can more easily go further north long the new proposed paved road.

Along the East Cape are “rustic” subdivisions, which means utilities have not been extended to most of the projects as they rely upon generator services, well water or trucked in water, and trucked in liquid gas. Currently, only a paved road extends to Puerto Los Cabos, while the rest of the East Cape is accessed via a dirt road running parallel to the ocean. In the next year or two a paved road will parallel the ocean about 1 kilometer from the ocean. Mexican planners saw the premium for being real estate in front of the road and between the ocean in comparison for being behind the road. Thus, the East Cape will have more land between the ocean and road and hence better opportunities for high end developments. Utilities are also planned to be installed in this road. Thus, in a few years, the East Cape’s influence will be strong in the Los Cabos market as access will be easier. A road from the Vinorama area goes directly to the San Jose International Airport.

Lighthouse Estates is a four-tiered oceanfront project located in the La Ribera area, just south of Los Barriles area. Single-family lots have sold in the \$30,000 to \$125,000 range for oceanview to oceanfront lots between 1,500 to 2,000 square meters in size. The appeal of the East Cape, with a nice beach, and the lower prices in this good quality subdivision are appealing to the market. A good number of lot shave sold to investors, per the agent.

Vinorama Estates , located along the East Cape, about 25 miles north of downtown San Jose del Cabo is a 142-lot oceanview and oceanfront subdivision. Currently, no utilities exist in the area except for trucked in water and solar or battery power until the planned new federal road is constructed in about 2 years.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The development opened for sales in mid-2006 and has sold about 6 lots per month. This is one of the first quality, subdivisions to be developed in the area with very good ocean views and a swimable beach. The lower price couple with the high demand for lots in the East Cape, in light of the high Los Cabos prices, is fueling demand for this project.

Lot prices have sold for between about \$90,000 to \$250,000 for oceanview lots to over \$500,000 for oceanfront lots. Lot sizes are between 1,500 to 2,000 square meters.

Puerto Los Cabos, Encanto de La Laguna, and the proposed Mayan Palace are substantial developments along the East Cape. The area, however, is developed with many small, poorly planned subdivisions, most along the ocean. In the past, oceanfront lots were inexpensive, with no utilities, in the \$500,000 range. Many buyers purchased lots, with or without proper title, and built homes. No C,C, and Rs exist and development resulted in a scattered unplanned look with many title problems. However, even still, with the recent impact of the planned Mayan Palace project and hope of utilities, prices of homes and lots basically doubled overnight. Due to the scattered, built-up nature of the area, oceanfront homesites are scarce.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VACANT LAND

This section comprises a study of the vacant land availability and holdings in the general Los Cabos and surrounding area. The study will cover two main areas: 1) the area north of San Jose del Cabo up to Los Barriles, encompassing the East Cape; and 2) the area north of Cabo San Lucas up to Todos Santos. Because the highway traverses inland from Todos Santos very little land has been sold along the Pacific Ocean side, north of Todos Santos. While there has been some land speculation on this side closer to La Paz, access is difficult. Therefore, our focus concentrate on the area between Todos Santos and Cabo San Lucas.

The study will identify those parcels of land that are being planned or have been recently influential in the market. The reader will be able to gauge the market by the past, present, and future supply of these transactions. These purchases would all be considered future competition to the subject. However, it should be noted that the subject should be well underway in sales by the time most of these land sales become developments. It is our opinion that many of these land purchases are investors who will eventually flip the land in the future.

There are three types of real estate: 1) Master-planned communities being developed or planned; 2) land planned or being developed for residential projects (non-master-planned communities); and 3) vacant land either recently purchased, available for sale, or not on the market.

PACIFIC OCEAN SIDE (between Cabo San Lucas and Todos Santos):

The area north of Cabo Pacifica up the Pacific Ocean towards Todos Santos is largely owned by either ejidos (ejidos are land owned by Mexican Nationals that cannot be sold to foreigners until the long process of privatizing or giving proper title to the land is completed), or conservation area. Of the entire coastline of Baja California Sur, approximately 80% (according to one of the original land owners in the area) is ejido.

There are approximately 100 ejido groups that own land in State of Baja California Sur with 24 of them owning the coastline areas or near major metropolitan areas such as Los Cabos and La Paz.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

What is significant is that one group that we are aware of has been buying ejido land for some time. This groups estimates it owns about 4% of the coast or about 45 lineal kilometers. While most of this land is well away from Los Cabos and La Paz and probably won't be available for development for some time, especially given the conservative and conservation minded at owns the land, it is noteworthy to show such as it may one day have an impact on the overall market. Further, there is much conservation and ejido land along the area between Cabo San Lucas and Todos Santos.

The numbers correspond to the map included in this section.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

Master-planned communities being developed or planned:

1. Diamante Cabo San Lucas was a 2005 land purchase by Mr. Kenneth A. Jowdy/Partners. Mr. Jowdy attempted to purchase land on the Corridor but was unsuccessful, due mostly to a lack of supply of land. He then was bale to befriend the owner of this parcel and purchase it for a below market price. This project is located at about kilometer marker 121.
2. Adjacent north of Diamante Cabo San Lucas is the Rancho San Cristobal parcel. This large parcel was formerly owned by the Bulnes family, one of the original land owners in Los Cabos. This parcel was recently purchased for development of a master-planned community. This project is located at about kilometer marker 120.

The Bulnes family still retains some land in this area. Currently, Senõr Bulnes is asking \$35 per square meter his remaining parcel. The parcel is about 400 acres.

11. Near Todos Santos is the proposed Maravilla project. This project has been marketed for some time but is still in its initial stages. While conceptual plans exists, the project is seeking financing or a buyer to become a reality. This has been the case for some time. Also, Todos Santos, recently marked by the federal government as a “magical town”, is attracting much interest. Known for its art and culture, the town is poised for development. Club Regina is currently planning to build a fractional product. This lower priced product is perfect for this market niche. The Salas family, long time owners in the area, is also planning a development.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Land planned or being developed for residential projects (non-master-planned communities:

4. At about kilometer marker 116 is the gas plant. Adjacent north is the Rolling Hills project. Purchased as vacant land in 2005, this oceanview single-family home development has seen recent success. Low price points are the primary factor of the success of this project. Homesites are being sold from \$85,000 to \$125,000 but were originally as low as \$50,000. These lots will have all services. This project has no ocean frontage and limited access to the ocean due to topography and an adjacent land owner between the project and Rolling Hills.

The parcel between the ocean and Rolling Hills is a parcel that may be developed in the near future. Only conceptual plans of hotel use and single-family homes are in process. The reality of this project should be known within 2007.

8. Within Elias Calles, a group of investors is assembling some land for a future master-planned community. Conceptual plans include residential use around a Signature golf course. The project is still in its initial acquisition stages.
9. Between Elias Calles and Todos Santos, under development is the Cerritos and Blue Agave projects. This single-family lot development is selling oceanview lots. The reader is referred to the next section for details on the Rolling Hills, Cerritos and Blue Agave projects.

Vacant land either recently purchased, available for sale, or not on the market:

3. This area is private property that is unknown to the market as to the owner of title status.
5. The area between Rolling Hills and Migrino is dedicated for conservation area.
6. The Migrino area is comprised of approximately 3,000 acres with about 5 kilometers of coastline. This entire area might be available for sale in the near future.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

7. Between Migrino and Elias Calles are several small development of older single-family homes. These small developments are interspersed with ejidos owned parcels.
10. Other land between Elias Calles and Todos Santos in either ejido, conservation area, small homes, or unknown to the market.

In conclusion, for the Pacific side, there is sufficient land available for development, that if developed at the rate land purchases have been in the past, could easily oversupply the market. While most of these projects are trying to go high-end, the further location from Cabo San Lucas, the Pacific Ocean and its large harsh waves and wind will likely keep development on the lower-end of the pricing scale.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

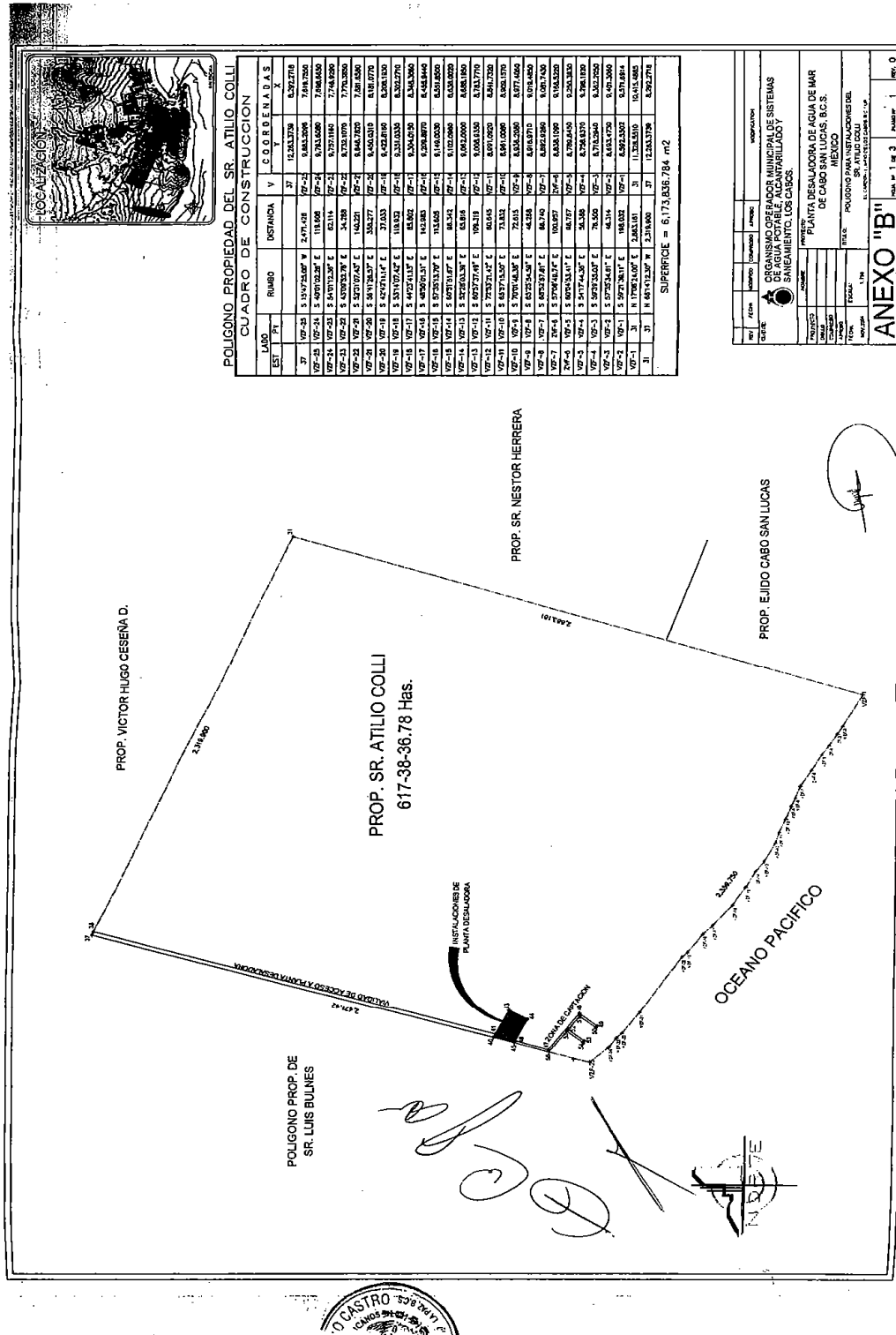
PROPERTY DESCRIPTION

LOCATION: The proposed Diamante Cabo San Lucas master-planned community site is located just north of downtown (a few kilometers) Cabo San Lucas, Baja California Sur, Mexico. The main access point to the Diamante Cabo San Lucas master-planned community site is located just north of downtown Cabo San Lucas at about kilometer 121 along Highway 19.

SITE SIZE: According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site totals a size of 607 hectares (+/- 1,500 acres) having approximately 2.35 lineal kilometers (+/-1.46 lineal miles) of ocean frontage. The subject site has a similar amount of frontage along Highway 19. We assume these factors to be correct and reliable.

The original plat map at the time of sale is shown as follows. The reader should note that the subject size was originally larger, however due to the donations to the municipal desalination plant, the subject is the current 1,500 acre size.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

The proposed development plan provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client is shown as follows.

The table below shows the proposed uses of the subject development plan as provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client. The ID column corresponds the land use to the masterplan map. It should be noted that some uses have not been shown on this plan. We assume that these uses not shown are legal uses and that they are all physically possible.

The reader is referred to the highest and best use section for support for the projected sizes of these uses. The uses are summarized as follows: We assume that these uses are all legally and physically possible.

Subject Proposed Single-family Lots					
# of Lots	Lot Type	Location	Approx. Size (m2)	Approx. Size (SF)	View
75	Beachfront Lots	Along Ocean	2,000	21,500	Oceanfront
150	Second/Third Row Oceanview Lots	Along Ocean	1,500	16,000	Near Oceanfront
66	Golf Villas Lots	Along Golf Course, behind Ocean lots	1,500	16,000	Golf front, slight oceanview
78	Sunset Hill Estate Lots	Eastern border of site, behind Ocean lots	2,000	21,500	Oceanview, golf view
86	The Estates Lots	Behind Sports Complex, northern end of site	3,000	32,000	Oceanview, golf view
100	The Village Lots	In front of Sports Complex	800	8,500	Oceanview, golf view
40	Oasis Golf lots	Within Oasis golf course	4,000	43,560	Golf front, Oceanview
175	Future Development Parcel	Northwest end of site	1,500	16,000	Golf front, Oceanview
TOTAL	770				

The future development parcels, comprised of about 210 acres, is the portion that is not currently entitled. However, at the client's request, this portion is assumed to have all entitlements completed. While there is not a specific development plan approved, as is with most of the subject site, there is a conceptual plan for about 175

M975-08 Montana Verde/Bruce D. Greenberg Inc.

single-family lots. Thus, these will be valued as a lot type to account for this parcel.

In addition, there is one hotel site that is approximately 65 acres in size and is oceanfront and two condominium sites in the rear of the property called Ocean Vista Villas. These are summarized as follows.

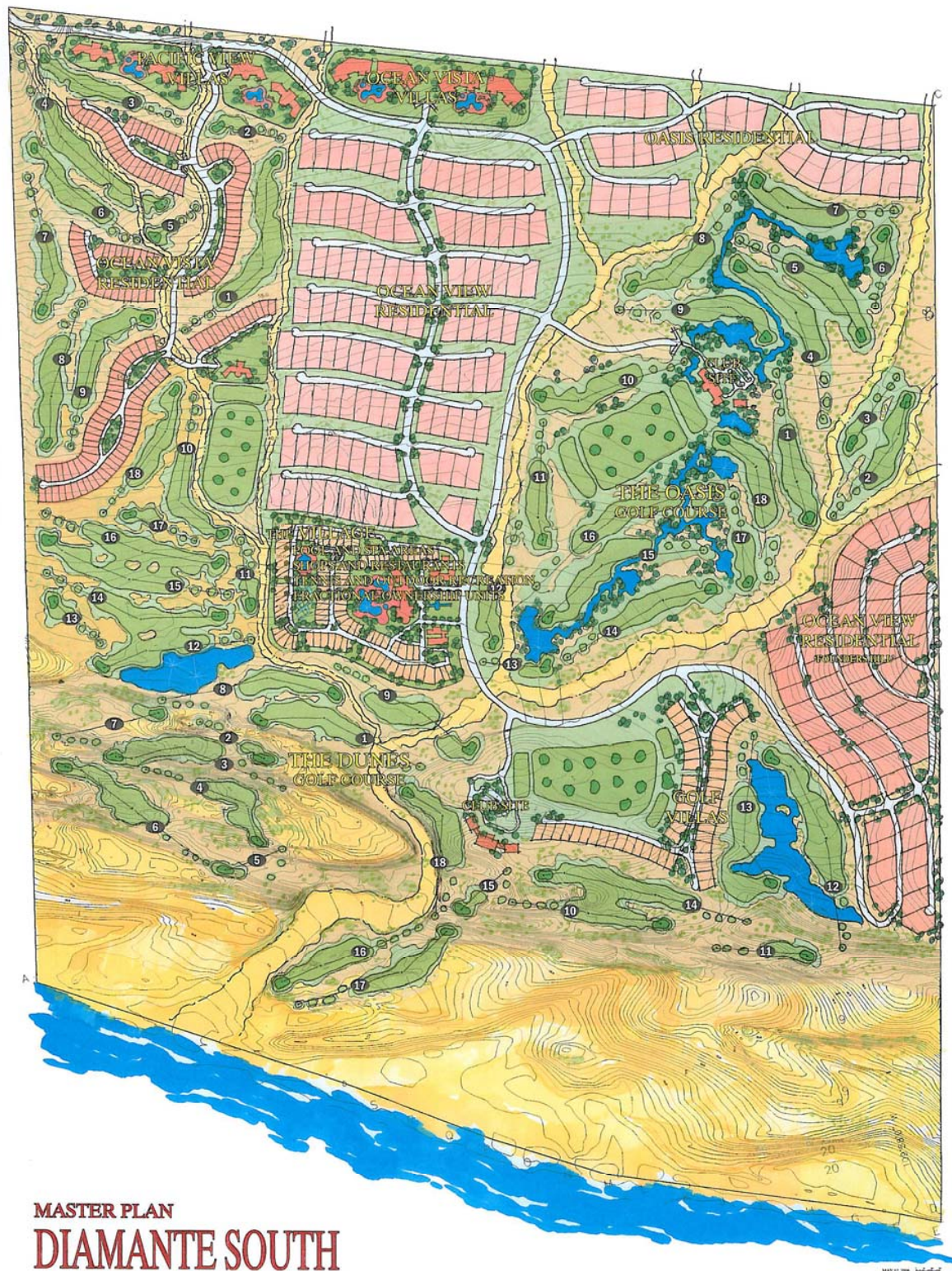
Subject Hotel/Condominium Sites				
View	Location	Approx. Size (hectares)	Approx. Size (Acres)	Approx. Amount of Lineal meters of Beach Frontage
Oceanfront	Along Ocean, west side of site	26	65	500
Oceanview/Golf View	Along rear (northern) border of site	9	22	0
Oceanview/Golf View	Along rear (northern) border of site	8	19	0

The following maps identify the uses and the subject property. The first map, Exhibit A, is the main exhibit. The second map is included to show the conceptual design for uses such as the Village lots and the future development parcel.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

ACCESS:

The subject proposed master-planned community is located between the Pacific Ocean and an adjoining property owned by Senõr Victor H. Cesena Diaz. Senõr Diaz's property abuts Highway 19. According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject master-planned community has legal access from Highway 19 through Senõr Diaz's property along the public road maintained by the municipality that runs to the municipal desalination plant.

Located adjacent to the subject master-planned community, is this desalination plant that is owned and operated by the local governmental water authority, OOMPAS. There is a public access road that travels along the northern edge of the subject site. From this road, the subject property can be accessed. We assume that there are no adverse easements negatively affecting the subject property.

The highway, which passes by the subject property, is currently being widened from two to four lanes.

The Cabo San Lucas International airport is just a few miles north of the subject site. This is a benefit as the airport can currently handle private planes and charter planes. There are talks and plans for this airport to be expanded to handle commercial planes in the future.

SITE SHAPE:

The subject is generally rectangular in shape. The subject property is generally conducive to development. The shape is noted on the exhibit above provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client.

The subject has a good amount of ocean frontage in comparison to its overall size. It appears that most of the land area is conducive for development and would have ocean views. While no engineering studies have been provided to support this, this is only our estimation. However, this shows the characteristics of the site.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SITE CHARACTERISTICS/ TOPOGRAPHY:

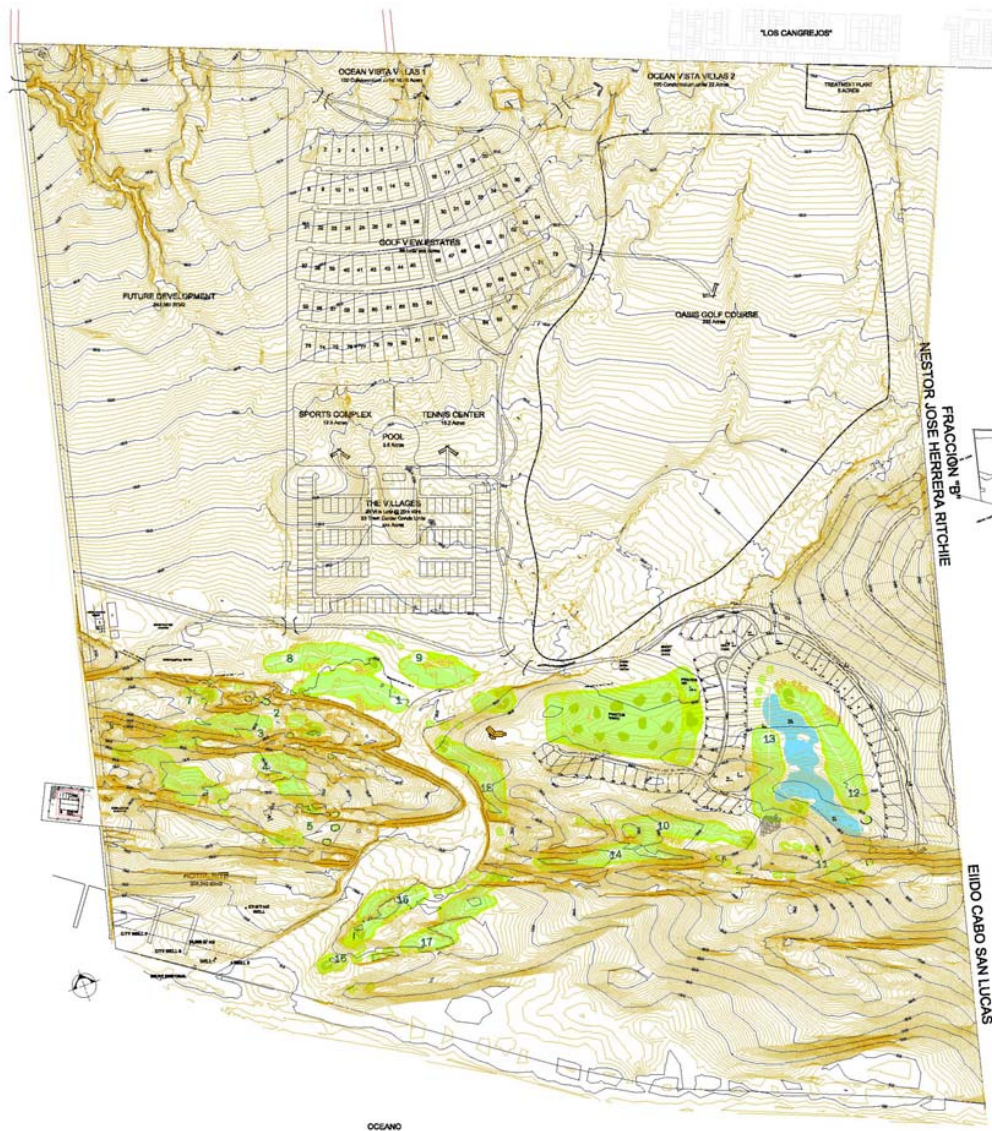
The subject site is an oceanfront tract of land. The topography of the subject site is gently sloping toward the ocean. As such, the subject topography allows for good ocean views from many parts of the property. The topography of the subject site is considered to be conducive for its eventual development. The topography will allow engineering for lots with views of the Pacific Ocean, which typically demand a premium in the market. There are many small arroyos that run down the site from theses mountain areas to the ocean.

The subject site is currently being developed. An 18-hole Davis Love designed golf course is under construction on the subject site with an expected completion date of mid 2008.

Further, a road and utilities lines are along the northern boundary of the subject site going to the municipal desalination plant that was recently constructed.

The topography map showing some of the proposed development plan provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client is shown as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

HAZARDOUS MATERIALS:

No environmental or engineering studies were provided.

This report assumes the subject is free of environmental conditions that adversely affect its use and value. The determination that hazardous materials is not within the scope of expertise. It is specifically assumed that no hazardous materials exist that adversely affect the utility or marketability of the subject property.

UTILITIES:

The following information has been provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, which we assume to be correct and reliable. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject has access to all utilities in sufficient capacity for future development of the subject site at the planned density. We assume these factors to be correct and reliable;

Electricity:

Comision Federal de Electricidad (CFE) – Federal electrical service lines along northern boundary of the subject site and installed to the municipal desalination plant. These lines stem from the CFE lines located in Highway 19. Temporary service lines have been constructed by the client and extend to the desalination plant and main pump station as well.

Natural Gas:

None (Propane)

Water:

Representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client have stated that water will be provided via two 21,000 cubic meter on-site desalination plants capable of each producing about 1,000,000 million gallons of water each day. The plant is in place and operating. The plant will be expanded to accommodate future phases.

The subject can also tap into the municipal plant which was recently built on the northern boundary of the subject site. The federal government requires the use of desalination for development of large

M975-08 Montana Verde/Bruce D. Greenberg Inc.

parcels. Ongoing development closer to Cabo San Lucas utilize desalination and the subject will do likewise. This is anticipated to serve the needs of a future development on the subject property.

Sewer: Sewer will be provided via on-site treatment plants.

Telephone/Internet: Telmex provides telephone/internet service from lines along Highway 19.

In addition, there are lakes on site which hold over 40 million gallons of water and will be used for irrigation.

EASEMENTS AND

ENCROACHMENTS:

The subject proposed master-planned community is located between the Pacific Ocean and an adjoining property owned by Senõr Victor H. Cesena Diaz. Senõr Diaz's property abuts Highway 19. According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject master-planned community has legal access from Highway 19 through Senõr Diaz's property along the public road maintained by the municipality that runs to the municipal desalination plant.

There are no other known easements, or encroachments. A title report or survey was not provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, thought they were requested. The inspection of the property did not see any apparent easements or encroachments. This valuation makes the assumption that no easements or encroachments are negatively affecting the marketability or site utility is made.

The subject property has frontage on the Sea of Cortez. It is noted that there is a Federal Zone along the ocean shorelines in Mexico. The zone is a public common area that anyone can have access to and use of. It is assumed that the subject site size does **not** include the Federal Zone (public common area) along the shoreline.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ZONING/ENTITLEMENTS:

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject site has an approved masterplan for Phase I of the subject development, but is still in need of some approvals to begin construction of other phases of the subject site. A portion of the subject property, a 210 acre parcel, located on the west side of the subject property that extends from the ocean to the rear of the subject property, as well as the beachfront area (+/-258 acres), have yet to be entitled. This is typical in an on-going development.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, for Phase I, the approved masterplan is in place and is currently beginning development. At the request of representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, this appraisal assumes that the entire proposed subject development, including the 210 acre and 258 acre parcels, that have yet to be entitled, have all approvals in place necessary for development and sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development is being phased, this will occur as future phases become developed. However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

According to a zoning map completed by Centro de Estudios de Urbanismo Y Arquitectura S.A. de C.V., for the Gobierno del Estado Baja California Sur (state government of Baja California Sur), it appears that the Diamante Cabo San Lucas master-planned community is zoned as follows: RTO - Turistico Residencial (Tourist Residential), a low residential density and ATO – Turistico Hotelero

M975-08 Montana Verde/Bruce D. Greenberg Inc.

(a high density residential/hotel zone). The subject also includes some areas that are protected such as dunes and arroyos, designated as areas of conservation. While the zoning map shows that the entire beachfront is protected, The Los Cabos Master Plan allows development within these areas, provided certain conditions are met. The client is currently pursuing approval for development within the beachfront parcels at the local level. The client anticipates receipt of these approvals within the next 6 to 8 months. We assume that these areas can be developed as dictated by the approved masterplan. We assume this to be correct and reliable.

Per Mr. Kenneth A. Jowdy and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the approved allowable surface area of the subject that may be occupied by vertical improvements is approximately 2,644,424 square meters (+/- 653 acres). Approximately 3,173,309 square meters (+/-784 acres) of gross floor area can be developed onsite. **Therefore, because of this zoning and the approvals currently on the subject site, the subject development appears to conform to all necessary zoning regulations and laws. We assume this to be correct and reliable. The reader is referred to the addendum for an explanation of the uses as well as the zoning approval letter, as provided by the client.**

FLOOD CONDITIONS:

Visual inspection did note areas of drainage conditions due to the rolling topography of the property. The subject will likely require additional hydrologic engineering upon development. As stated earlier, there are many small arroyos running throughout the site. Per the client, the client has contracted a hydrological engineer to design and address drainage issues related to the proposed subject development.

SOILS:

No soil analysis was provided. Per the client, soil scientists and geotech consultants have been contracted to analyze soil conditions as each phase of development proceeds. The potential for collapsing or expanding soils is not known. There is development of residential and hospitality uses, which is predominate in the general area. The

M975-08 Montana Verde/Bruce D. Greenberg Inc.

assumption for valuation purposes the subject is buildable with regard to soils and properly engineered foundations is considered reasonable.

HABITAT: The subject is not in a known critical habitat area. This valuation assumes the subject property is not in a critical habitat area that would limit site utility and marketability.

AMENITIES: The subject, within the proposed masterplan, has proposed some very high-end amenities. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, these include:

- Professional Athletic Field and Sport Facilities
- Three Signature Golf courses. The Davis Love course is currently being constructed and will open in the Fall of 2008. Phil Mickelson will design a second course, the "Oasis Course", due to start construction in April 2009. One other Signature course is planned.
- Associated Signature high-end golf clubs.
- High-end hotel with full services available to all owners in subject development
- Beach club
- Health Club
- Equestrian Center

It should be noted that these amenities will be at the level or beyond of El Dorado beach and Golf Club (located in Los Cabos corridor). Currently, El Dorado is the highest-end development in Los Cabos and is very successful due to these amenities. We assume that the subject will have near the same level of service, quality, and amount of amenities as shown and as comparable to El Dorado.

CONCLUSION: Based upon our inspection and information gathered the subject does not appear to have any significant adverse constraints that would restrict the ultimate highest and best use. The subject benefits from being in very close proximity to downtown Cabo San Lucas.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

HIGHEST AND BEST USE

Highest and best use is defined by the American Institute of Real Estate Appraiser in the Dictionary of Real Estate Appraisal, as:

The reasonably probable, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physically possible, financial feasibility, and maximum profitability.

Implied within these definitions is recognition of the contribution of that specific use to common environment of community development goals in addition to wealth maximization of individual property owners. Also implied is the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e. that the use determined from represents and opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be the most profitable use. In the context of investment value, an alternative term would then be the most profitable use.

Demand for ocean front and ocean view lots in the Los Cabos corridor area is in high demand. There is a very limited supply of available ocean front lots along the corridor as most developments are either sold out or are withholding inventory awaiting future market appreciation. It is relatively inexpensive to hold land and no constraints exist to keep developers from withholding the best lots. Given this, ocean front lots and homes enjoy high premiums even in substandard subdivisions. Ocean view homes and lots have picked up some of this demand and have seen substantial appreciation being the second-best choice for buyers.

More important to the subject, however, is the direction growth and demand that this trend has created in the market. Since there is a limited supply of quality product along the Corridor, demand has evolved into area outside the main "Corridor." These include the East Cape, located above San Jose del Cabo, and the Pacific Ocean side, located above downtown Cabo San Lucas and up to Todos Santos. The subject is within the Pacific side just north of downtown Cabo San

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Lucas. Developments in these areas have recently seen increasing demand. There are several successful projects along this area, from low to high-end real estate. Further, there have been several larger purchases of large tracts of land for proposed high-end developments.

Again, an important factor to consider in the evaluation of the development trends in the Los Cabos area is the direction of growth. The developments are beginning to evolve north of Cabo San Lucas.

There are a few drawbacks to the Pacific Ocean. One, the waves are very large and dangerous and the beach is not swimmable. While some this appeals to some surfers, the danger keeps many away. Second, the wind is harsher on the Pacific Ocean side. While the breeze cools down the area during the summer, when the corridor area gets very hot, much of the year the wind is constantly blowing. Cabo Pacifica, for example, has built large glass walls to impede the wind.

These factors have historically suppressed the demand and prices of the Pacific Ocean side. However, as the corridor is being built out, demand is pushing its way forward and the Pacific Ocean side is the beneficiary in both much higher prices and absorption. The subject is just north of downtown (a few kilometers) Cabo San Lucas and has easy access to the many amenities of this area. The subject is considered not a part of the Pacific side but an extension of the Los Cabos corridor. Therefore, its prices are much more like the Corridor than the growing Pacific side.

But with the rising prices and relatively limited supply of the Corridor, ocean front and ocean view product along the Pacific Ocean, is seeing strong absorption. This trend will undoubtedly, once product is available, occur in the subject area and specifically within the subject development.

Recently, these appraisers conducted an in-depth market study of the Los Cabos region for a client that is lending in Los Cabos. From this report, the market dynamics, as well as future supply and demand of projects in this region were analyzed. Updated trends show that there is a diversity of

M975-08 Montana Verde/Bruce D. Greenberg Inc.

product in the market with high-end product still having healthy absorption and a limited supply of quality oceanfront product.

Given these trends, the highest and best use of the subject, “as is”, is for development of a master planned community of residential use with amenities. Given quality and aggressive marketing, residential components will have a high likelihood of success as well. This is a legal use, physically adaptable and financially feasible, as discussed throughout this report. It should be noted that the value conclusions are wholesale or discounted value and not retail values. The retail values equal far more than the discounted value. The important point is that the retail prices will cover the development costs and shows that the subject is feasible.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following is a continuation of the highest and best section of this report.

ABSORPTION ANALYSIS

The entire subject project is proposed to include single-family lots. The master plan has been provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client. As shown above, these are considered feasible. As shown earlier, there is demand for these unit types in Cabo San Lucas as well as in other Mexico beach markets (including Puerto Vallarta, Puerto Peñasco, and others). Due to the lack of comparable sales of master planned communities in the México market, the Development Cost Approach is utilized.

All lots are assumed to have whole ownership.

Density and Uses:

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the entire subject site is zoned for a density well above the current masterplan being valued within this report. Therefore, because of this zoning and the approvals currently on the subject site, the subject development appears to conform to all necessary zoning regulations and laws. We assume this to be correct and reliable.

Average lot size – single-family lots:

According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject is proposed to have single-family lots that will be sized in accordance with typical market sized lots.

The conceptual plan provided does not indicate exact lot sizes and densities. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the average lot size of most of the subject lots are between 1,000 to 1,500 square meters or about 11,000 to 16,000 square feet.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The table in the Property Description section defines each lot type and size. As the comparable lots show in the valuation section, for the lot different types, these sizes are within the comparable lots.

Average lot size – hotel/condominium sites:

The subject is proposed to have a hotel site of about 65 acres and two condominium sites between 19 and 22 acres.

As shown in the valuation section of this report, there have been a good number of hotel/condominium site sales in the Los Cabo region as well as the greater Puerto Vallarta area. The sizes of these sales range from about 5 acres to as large as 75 acres. The subject sites are within this range.

The table in the Property Description section of this report shows the proposed uses of the subject development plan as provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client. We assume that these uses are all legally and physically possible.

Single-family Absorption

Past: The general Los Cabos has seen strong growth and increase in prices. Through many residential appraisals conducted by this office in the Los Cabos area, demand for all product types and prices have been in good demand. The market has seen from 10% to 20% appreciation in most developments consistently over the past two to three years. In Palmilla and El Dorado, appreciation has been even higher.

Lenders, such as those from Wachovia and Collateral International who lend in the Los Cabos area, have commented that if mortgage rates in the United States rise, Los Cabos will not be affected much for two reasons. One, lenders will reduce their points they charge for loans to remain competitive. Two, the majority of purchases in the Los Cabos area are still on a 100% cash basis

M975-08 Montana Verde/Bruce D. Greenberg Inc.

indicating that buyers in the Los Cabos market are less sensitive to changes in the U.S. economy. Further, several other lenders are aggressively looking into getting into the Los Cabos market. Competition will only serve to help the market.

With many agents, developers, and lenders being optimistic of the future of Los Cabos, until the U.S. slowdown, there was very good reason that the Los Cabos market would continue to be a healthy market overall.

Present and Impact of the U.S. economy slowdown: The U.S. economy, with its current slowdown has affected many resort communities of Mexico. Currently, Mexico reduced its GNP projection by 1% (a third) from 3.8% to 2.8% growth for 2008. Communities such as Rosarito and Puerto Penasco have seen increases in supply and resulting decreases in demand along with a stabilization and some declining prices. Absorption has slowed dramatically. In fly-to smaller markets such as La Paz, Mazatlan, and Acapulco, that have seen significant appreciation and absorption in sales over the past three years, sales have also slowed dramatically.

For the larger more established markets of Los Cabos and Puerto Vallarta, these have been impacted as well. However, the impact has been different. In these two markets, the lower priced product, or that under \$1,000,000 has seen a slowdown in sales in many projects. However, well located and aggressively priced projects have continued to see good absorption, mainly from the Canadian buyer. This is consistent with the smaller fly-to markets of Mazatlan, La Paz, and others. The lower end buyer is more sensitive to the U.S. economy and has slowed significantly in absorption.

However, in interviews with high-end developments such as Palmilla, Querencia, El Dorado, and Cabo del Sol, while absorption has slowed somewhat, the high-end product, or that over \$2,000,000 have continued to see healthy sales.

Thus, the high-end buyer is not affected much by the US slowdown. On the contrary, some of these buyers are seeking deals and are more willing to buy.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Given this trend in Los Cabos, we feel that the subject market area will benefit for two reasons. One, with limited supply in Los Cabos of ocean front property, the subject development, can serve to augment this lack of supply for the high-end buyer that continues to buy.

Two, the potential supply for high-end master-planned communities in Los Cabo is diverse. The subject will be one of the highest end developments in Los Cabos. Other competitive developments such as Cabo Cortes and Puerto Los Cabos, are lower end due to location and inferior quality. Development such as Palmilla, Punta Ballena, Cabo del Sol and El Dorado are either sold out of the best product or are still seeing good absorption and will be sold out of most of the best product when the subject development gets fully underway. Developments such as Chileno Bay and Cabo Pacifica have less opportunity for high-end due to the varying topography of the site. The subject has a good gentle slope with much beach frontage allowing for good ocean views from most of the subject. Chileno Bay and Cabo Pacifica have a good amount of land that is not developable or does not have ocean views. Thus, supply is limited in these areas.

In addition, according to sources at Snell Real Estate, as well as agents at El Dorado, Puerto Los Cabos, Cabo Cortes, and Querencia, each of the major master-planned communities in the area sell, on average about 100 homes/lots/condominiums per year. While this is slowing, the main reason for the slow is a lack of quality product offered. For example, in Palmilla, the past two years has seen strong absorption of one of the best products in México, Villas del Mar. These units are mostly sold out. The newest phase being offered is well off the ocean and not as demanded as the first phases. Further, prices have risen dramatically and are at their highest levels. With a slowing US real estate market, some resales, if not priced correctly, may have difficulty selling.

This is also true in El Dorado. Resales will be the strongest product available in the development as most of the best product has been sold.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Because the best product has been sold in the major high-end developments in Los Cabos, and because resale prices along the corridor have risen so high, the subject is well positioned for two reasons.

One, the subject prices, as dictated in this valuation, are significantly below that of El Dorado and Palmilla, but will be developed with similar or superior quality amenities. This may entice the high-end buyer as price appreciation is quite possible due to the lower starting prices in comparison to EL Dorado and Palmilla.

Two, the amenities proposed for the subject exceed that of any other development in Los Cabos. Querencia, which is not oceanfront, is seeing significant success because its exclusivity and private golf course. The subject will also have a private golf course.

While the Pacific Ocean side has historically been less desirable than the Corridor, this is changing with development such as Cabo Pacifica and Puerto Los Cabos.

The subject has about 650 lots priced from \$700,000 to \$6,500,000, all with good ocean views and easy access to the beach and future high-end amenities of the subject. Palmilla, Cabo del Sol, Punta Ballena, and El Dorado have similar densities and have been successful over the past 10 years. Querencia, with only a golf clubhouse and a private golf course, currently continues to see sales of oceanview lots (well away from the ocean) for around and above \$1,000,000.

Unless the US economy heads into a major recession or depression, the high-buyers, which is primarily the target of the subject development, should continue to buy.

It is our opinion that given the diversity of the product in the subject and the price points of the subject, that the major master-planned communities along the Los Cabos corridor, are similar high quality as the subject. These projects had average absorption of about 100 lots/units per year.

El Dorado, the most similar development to the proposed subject development in terms of location, price, size, density, high quality, and amenities, has had absorption of its product at about 70-80

M975-08 Montana Verde/Bruce D. Greenberg Inc.

lots/units per year. However, El Dorado has higher prices than the market value conclusions of the subject. We feel the subject oceanfront lots would sell at about \$6,000,000. El Dorado is selling similar oceanfront lots for as high as \$8,500,000. Thus, given the high-end amenities of both, but the lower prices of the subject, the absorption for the subject lots would be higher than El Dorado's.

Further, development such as Palmilla, Punta Ballena, and Cabo del Sol, at 100 units per year is selling at this rate with inferior product. Meaning, these development have long since sold out of their best product and are selling product in the rear of the development or having limited oceanviews. The prices are also higher than the subject for similar product.

Thus, because of the limited supply of the competition to the subject, the high quality of the subject, and the lower price points, the subject, without the US slowdown, could expect to have similar absorption. However, due to the recent slowdown in the U.S. economy, a rate of below 100 lots/units per year is considered reasonable and achievable for the subject development. We estimate that the market is off about 25%, based on interviews with Snell and other Cabo brokerage firms. Thus, an absorption rate of 60 units per year to begin is projected. As the market progresses and supply remains somewhat constrained, as well as the subject becomes more established, absorption should increase. We project a 10% annual increase in absorption. This is based upon market data as well as taking into account future supply levels and demand.

Further, since the subject has all approvals in place and is constructing the golf course and roads, pre-sales can begin immediately.

Because of the diversity of price points in the planned and developing projects in the Los Cabos region, this absorption should sustain and gradually increase as land supply diminishes and demand continues. While the United States is in a current economic slowdown, recent primary research of quality projects in the Los Cabos area show that demand continues to be strong though at somewhat less levels than previous years. Supply continues to be in balance if not a bit tight, which continues to aid absorption.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The subject also has a hotel site. Given the proximity of the subject to downtown Cabo San Lucas, this site can reasonable sell within the first year of sales. This will aid the absorption of other product in the subject.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

2008 - My Perspective

I have been providing real estate valuations and consulting services in Mexico for the past twelve years and have observed blips in the United States economy including the dot.com and previous Wall Street “Slowdown” that did not affect the real estate cycle in the resort communities of Mexico. As we enter the recession in the United States, I believe this economic re-adjustment cycle will have effects on Mexico and real estate globally.

I recently attended a 2008 Economic Forecast in Mexico City where both “National” public and private sector professionals with strong pulses on the economic status of Mexico, cited:

- Mexico is better prepared within its finance infrastructure system than ever before for a United States economic slowdown and is now “globally” oriented;
- that Mexico’s GNP growth rate will be slower (2.8% vs. 3.8%) for the forthcoming year yet this is still a respectable amount.

I agree with the consensus, yet I am concerned that many of the resort markets in Mexico will be experiencing an oversupply of “new” condo units.

The economic slowdown in the United States will have a direct effect on this “submarket.” Traditionally, in a recession “the rich get richer and the poor have babies!” So I believe, the less affluent U.S. buyer will be less active. If developers have foresight and reduce prices then

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Canadians, Europeans and Nationals during this cycle can take advantage and fill the U.S. buyer void.

Conversely, I do not believe the wealthier U.S. buyer will disappear. In fact the affluent will take advantage of developers “fear factor.” Historically, the wealthy get wealthier in an economic downturn – money talks! So the upper-end market should generally remain stable.

More importantly than ever, developers need market/feasibility/absorption/competition/pricing studies!! Information is key in this economic cycle!! Developers and lenders cannot look through the rear view mirror they must look forward.

Presidente Calderon and his Cabinet understand both the need to grow and improve on infrastructure and tourism. They get it! The administration is working vigously to bring more U.S./Canadian/European/Asians to Mexico. Mexico tourism will exceed 30 million visitors this year – a projected growth rate of about 7.5% is forecasted. Mexico ranks # 2 in the world in timeshare sales. Through “whole” ownership by U.S. buyers will decrease, this is the time for the construction of new hospitality facilities – hotel/timeshare and even fractional complexes will fill the void for condos.

Mexico “welcomes” US citizens and are friendly warm hosts. This welcome and attitude is not always true in other resorts locales globally! Mexico is close and affordable so during this U.S. recession, I believe that the hospitality sector will grow. This also benefits Mexico in the long run with increased sustainable employment. The construction of new hospitality/timeshare/fractional

M975-08 Montana Verde/Bruce D. Greenberg Inc.

facilities will “house” the next wave of buyers as the recession winds down. Re-stated your next buyer is already a stakeholder in your timeshare and/or fractional complex.

To help foment the economic growth of Mexico Presidente Calderon has initiated a government/private sector program to spend \$46.4 U.S. dollars annually for the next four years on:

- Expanding existing airports;
- 3 “new” airports are being built;
- Seaports are being modernized;
- 3 “new” seaports are being built;
- The federal highway system is experiencing tremendous growth – 100 new major roadways are planned and/or under construction;
- Fonatur has increased its budget threefold.

Many private sector groups will benefit from this growth.

Crisis always provides opportunities --- so this economic slowdown will be taken straight on by the stakeholders of Mexico with strong public/private partnerships. This synergy will benefit those who join in both the short and long term basis.

Bruce D. Greenberg, MAI, SRA, ASA is the principal consultant/appraiser for Bruce D. Greenberg, Incorporated in Tucson, Arizona and Valuaciones Montaña Verde, S.A. de C.V. Mr. Greenberg serves as a Bi-National Director of the United States-Mexico Chamber of Commerce and on the Executive Committee for both California and Arizona Chapters. Mr. Greenberg is an active participant in the ULI – Mexico district. Mr. Greenberg was selected in 1999, by former

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Arizona Governor Jane D. Hull, as a member of her task force addressing consumer guidelines in the acquisition of real estate in Sonora. Governor Janet Napolitano in 2003 asked Mr. Greenberg to serve on the Real Estate Ad-hoc Committee under the auspices of the Arizona-Mexico Commission. He has been a member of the Financial, Business and Legal Services Committee of the Arizona-Mexico Commission and a member of the National Law Center of Inter-American Free Trade for the past 10 years. He is an active member of the Asociacion Mexicana de Profesionales Inmobiliarios, A.C. (AMPI) of Los Cabos, Puerto Vallarta/Nayarit and Puerto Peñasco sections and is also a member of the Multi List organizations of Los Cabos, Puerto Vallarta and Puerto Peñasco. Mr. Greenberg can be reached at (520) 750-8200, fax (520) 750-8298, e-mail bgreenberg@brucedgreenberginc.com or visit the web page at www.mexicovaluations.com.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION

There are a variety of techniques that can be used to value vacant land including sale comparison, allocation, extraction, subdivision development cost approach, land residual and ground rent capitalization. The most common technique, and most reliable when comparable sales are available, is the sales comparison approach. The sales comparison technique has been chosen to value the subject property. This technique is based on the principal of substitution, which states that when a property can be replaced, its value tends to be set by the cost of acquisition of an equally desirable substitute property that can be acquired without undue or costly delay. With this method, sales of similar use sections are analyzed. Adjustments are made for differences in the sale prices for dissimilar characteristics between the comparable sale and the subject being appraised. From this analysis a conclusion is formed as to the likely market value of the subject land. There have been no recent sales of similar parcels in similar locations as the subject. We have researched all market within México and have found no comparables. Thus, the Sales Comparison Approach is has insufficient data for a reliable conclusion of value.

The Development Cost Approach was also considered and used in this analysis. For the “as is” scenario, sufficient data was derived from the marketplace for reliance on the Development Cost Approach to Value and this is the primary valuation method.

The reader should be aware, the abstraction of comparable sales through public records is almost impossible in the Republic of Mexico. There is a public registry that is only available to family members and/or governmental officials. Therefore, the access of comparable sales through a mass registry system is not available to this consultant. In order to confirm information numerous brokers and developers in the area were interviewed to cross-check data gathered for this valuation. The comparable sales are recent and are considered the best available for the valuation of the subject property.

The following will value the subject components.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

DEVELOPMENTAL COST APPROACH

The Developmental Cost Approach is a useful valuation tool for the analysis of the subject project. This approach takes into account the present worth of the future benefits derived over a sell-out period. Cash flows incurred by the developer are analyzed over the projected absorption period for the project. The present values of the net cash flows are discounted, and the development costs are taken out, resulting in the price at which the land can be purchased to enable the project to be feasible. The primary advantage of this method of analysis is that sources of revenues and expenses are accounted for, based upon market information, data supplied by the client or its agents, and perceived trends noted in the market place.

The procedure for applying the Subdivision Development Approach can be summarized as follows.

1. Estimate the prices and sell-out or absorption period for the inventory in the project from the analysis of the marketplace and subject development. This absorption period is based upon the sales from the various land use components that comprise the subject, and their average prices derived from information supplied by the client and comparable data from within the market;
2. Project expenses and overhead allocations during the period of development and sell-out. This amount is estimated based upon expenses provided by the client and development costs of other residential developments.
3. Estimate an expected rate of profit to the developer for risks and time incurred during the sell-out of the project. This amount is derived from data based upon profit expectations of other developers.
4. Estimate a discount rate, which reflects opportunity costs of money, the expected risk during the course of absorption, and rates of return commonly sought in the marketplace considering liquidity and other investment opportunities. This rate is estimated based upon data from residential developers, lending institutions, mortgage brokers, and syndication experts.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Utilizing the above information, it is possible to estimate the annual cash flows generated during the sell-out of the proposed subject land use components that comprise the subject. The estimated probable selling price of the subject is equal to the present worth of the cash flows, discounted at a rate of return acceptable to the developer as a return on his investment.

The development, as detailed in the Property Description section, comprises the following:

Subject Proposed Single-family Lots					
# of Lots	Lot Type	Location	Approx. Size (m2)	Approx. Size (SF)	View
75	Beachfront Lots	Along Ocean	2,000	21,500	Oceanfront
150	Second/Third Row Oceanview Lots	Along Ocean	1,500	16,000	Near Oceanfront
66	Golf Villas Lots	Along Golf Course, behind Ocean lots	1,500	16,000	Golf front, slight oceanview
78	Sunset Hill Estate Lots	Eastern border of site, behind Ocean lots	2,000	21,500	Oceanview, golf view
86	The Estates Lots	Behind Sports Complex, northern end of site	3,000	32,000	Oceanview, golf view
100	The Village Lots	In front of Sports Complex	800	8,500	Oceanview, golf view
40	Oasis Golf lots	Within Oasis golf course	4,000	43,560	Golf front, Oceanview
175	Future Development Parcel	Northwest end of site	1,500	16,000	Golf front, Oceanview
TOTAL	770				

Subject Hotel/Condominium Sites				
View	Location	Approx. Size (hectares)	Approx. Size (Acres)	Approx. Amount of Lineal meters of Beach Frontage
Oceanfront	Along Ocean, west side of site	26	65	500
Oceanview/Golf View	Along rear (northern) border of site	9	22	0
Oceanview/Golf View	Along rear (northern) border of site	8	19	0

For valuation purposes, a typical lot in each lot type, explained below, will be valued. A typical lot is a median lot and is intended to account for minor differences in the lots. Thus, a typical lot compensates for inferior and superior lots in each lot type.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

LOT VALUATION ON A RETAIL BASIS

The first step taken in analyzing the subject by the Subdivision Development Approach is to estimate the retail price of those above noted components that comprise the subject property. For the purposes of this report, retail price is defined as the selling price of an individual single-family lot or villa site to a third party upon completion of the infrastructure of the subdivision. Retail price is ascribed when the ingredients of land, labor, materials, management, profit, financing, and sales are combined resulting in the price of a finished lot or site ready for construction of improvements and saleable to a third party. The aggregate of the retail price of the components that comprise the subject does not reflect the market value of the project, assuming the project is purchased in its entirety by a single purchaser or entity.

In order to estimate the retail price of the components that comprise the subject the Direct Sales Comparison Approach to value has been employed. The Direct Sales Comparison Approach entails the analysis of sales of comparable properties. This approach to value is an application of the principal of substitution. This principal affirms that, when a property can be replaced, its price tends to be set by the cost of acquisition of an equally desirable substitute property that can be acquired without undue cost or delay.

First, we will value the single-family lot types. The lot sizes, number of lots, and their respective views are shown in the table above. The lots will be valued using the Sales Comparison Approach. A typical lot within each lot type will be valued. While each lot may differ in view slightly, for ease of valuation purposes, the typical lot will be value in each lot type. By valuing the typical lots, it is intended to account for the differences in each lot.

The amenities, infrastructure, and open space areas in the section are also considered to be necessary for the success of the residential lots and are considered to have no value except contributing to the infrastructure of the development as a whole.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

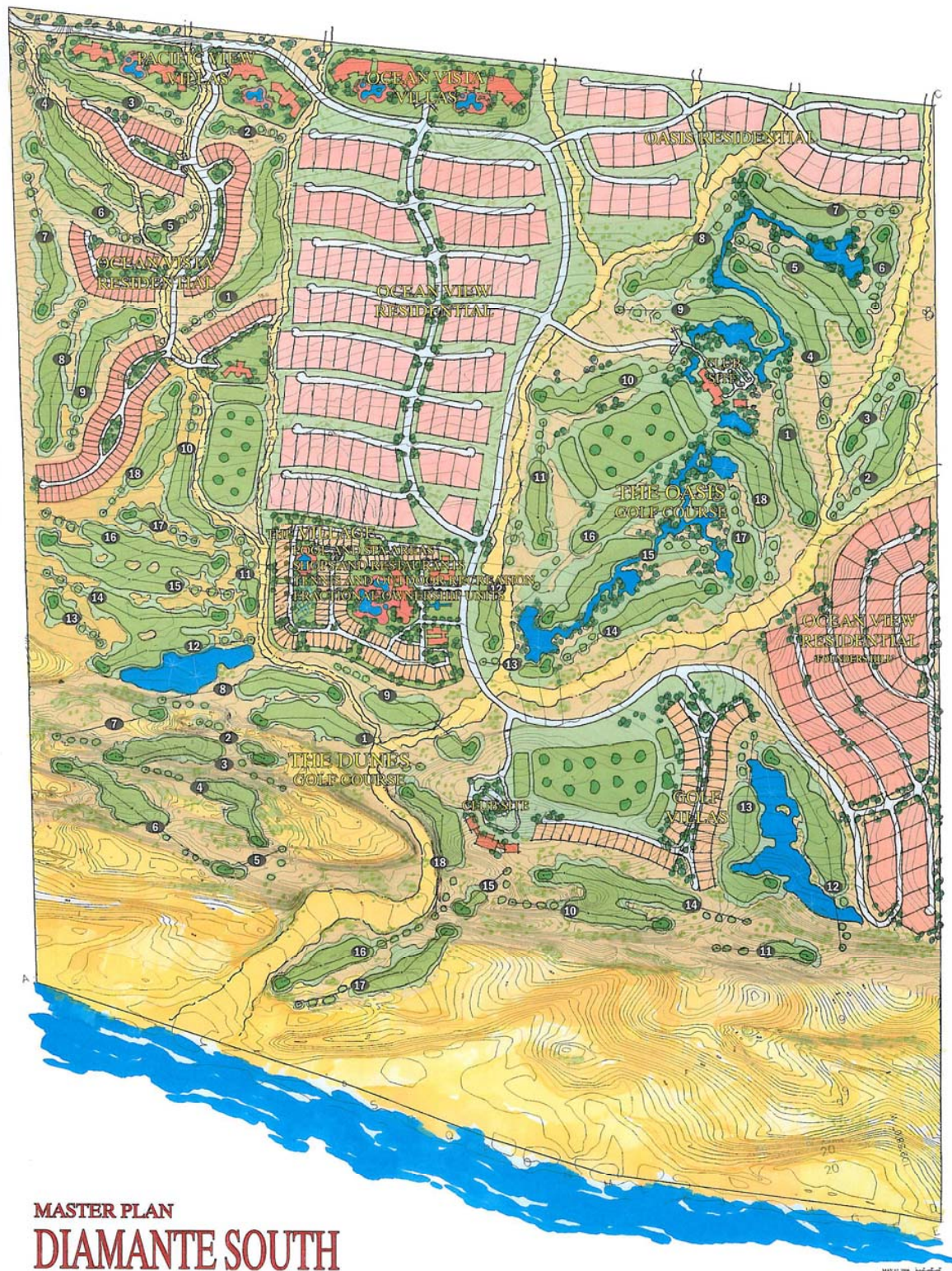
Finally, the conclusions from these components will be utilized using the Development Cost Approach to arrive at the final conclusion of value for the entire subject site “as is”. The Sales Comparison Approach will then be utilized as a supporting cross check.

The reader is referred to the masterplan map and section Ids for location of the subject lots.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE OCEANFRONT LOT IN THE SUBJECT

21,500 SQUARE FEET (ABOUT 2,000 M2) TYPICAL LOT SIZE

The subject is proposed to have oceanfront lots that are beach/oceanfront lots. As shown in the Highest and Best Use section of this report, the typical or market based size of an oceanfront lot is about 2,000 square meters or about 21,500 square feet having about 30 lineal meters of ocean frontage.

The following sales are utilized in the comparison for the oceanfront lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SINGLE-FAMILY LOT SALES							
#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Aug-07	Sale	Lot 139 El Dorado, Cabo	\$8,500,000	11,000	Oceanfrontage. In high-end master-planned community	Donnally King
2	Mar-07	Sale	Lot 118 El Dorado, Cabo	\$7,500,000	11,000	Oceanfrontage. In high-end master-planned community	Donnally King
3	Jun-07	Sale	Lot 206 El Dorado, Cabo	\$5,400,000	11,000	2nd row, not oceanfront but panaormaic oceanview due to elevation. In high-end master-planned community	Donnally King
4	Jul-07	Sale	Lot 58 Caleta, Palmilla	\$7,000,000	16,000	Oceanfrontage. In high-end master-planned community. Needs \$500,000 in retaining walls	David Liles
5	Jun-07	Sale	Lot 6 Kupuri, Punta Mita, Puerto Vallarta area	\$5,500,000	28,000	Oceanfrontage. In high-end master-planned community	Robin Reyes
6	Jan-07	Escrow	Oceanfront lot in Chileno Bay, Cabo	\$8,000,000	22,000	Oceanfrontage. In high-end master-planned community	Larry Anton
7	Jul-07	Sale	Lot 6 El Banco, Costa Banderas, Puerto Vallarta	\$4,650,000	87,000	Oceanfrontage. In high-end master-planned community	Marc Sinanian
8	Jul-07	Sale	Lot 9 El Banco, Costa Banderas, Puerto Vallarta	\$4,800,000	78,000	Oceanfrontage. In high-end master-planned community	Marc Sinanian
9	Jul-06	Sale	Lot 17, Fundadores, Puerto Los Cabos, Cabo	\$3,250,000	28,000	Oceanfrontage. In high-end master-planned community	Steve Boyle

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in either the Los Cabos region or in the Puerto Vallarta region. The Puerto Vallarta region is less in price and dynamics than Los Cabos and was adjusted upward. No adjustments were warranted for the Los Cabos sales.

Specific location relates to a site's location within the community. Comps 1 through 4 and 6 are located within established master-planned communities with easy access to the airport and high-end amenities. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Comps 5, 7 and 8 are much further from the airport and were adjusted upward. Comp 9 has roads to the property that are in need of major repair and was adjusted upward. All other comps were located along a highway and were not adjusted.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. While the subject lots are about a ½ acre in size, the ocean frontage is comparable to the comps and adjustments were based on this factor.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot has a good amount of direct ocean frontage as do most comps and no adjustments were warranted to most comps. Comp 3 was not oceanfront but was included as it is comparable.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have an excellent view of the ocean being ocean frontage. Most comps were ocean frontage and had similar good quality ocean views and no adjustments were warranted. Comp 9 is oceanfront but has a protected due ion front and has a compromised view due to the dune, and was adjusted upward.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Comps 1, 2, and 3, in El Dorado, and Comp 5 in Punta Mita have many very high-end amenities and were considered only slightly superior to the proposed amenities for the subject. Comp 9 has a marina and has slightly superior amenities. Comps 6, 7, and 8 have lesser amenities and were inferior to the subject and adjusted downward nominally. The remaining comps had similar amenities and were not adjusted. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8	COMP 9
SALES PRICE	\$8,500,000	\$7,500,000	\$5,400,000	\$7,000,000	\$5,500,000	\$8,000,000	\$4,650,000	\$4,800,000	\$3,250,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0	0
MARKET CONDITIONS	0.00%	5.00%	5.00%	5.00%	5.00%	10.00%	5.00%	5%	25%
INDICATED VALUE	\$8,500,000	\$7,875,000	\$5,670,000	\$7,350,000	\$5,775,000	\$8,800,000	\$4,882,500	\$5,040,000	\$4,062,500
GENERAL LOCATION	0	0	0	0	+	0	+	+	+
SPECIFIC LOCATION	-	-	-	0/-	0	0/-	0	0	0
ACCESS	0	0	0	0	+	0	+	+	+
SIZE	0	0	0	0/-	-	-	-	-	-
OCEANFRONT	0	0	++	0	0/-	0	0	0	0
OCEANVIEW	0	0	0	0	0	0	0	0	+
INFRASTRUCUTURE	0	0	0	0	0	0	0	0	0
PROJECT AMENITIES	0/-	0/-	0/-	0	0/-	0/+	+	+	0/-
SANDY BEACH	0	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	-	-	+	-	0	-	+	+	+
	Less	Less	Greater	Less	About	Less	Greater	Greater	Greater
INDICATED VALUE	\$8,500,000	\$7,875,000	\$5,670,000	\$7,350,000	\$5,775,000	\$8,800,000	\$4,882,500	\$5,040,000	\$4,062,500

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical oceanfront lot having a typical lot size of 43,560 square feet (about 1 acre) in the subject at more than about \$5,670,000 USD per lot (Comp 3) but less than about \$7,350,000 USD per lot (comp 4) and about \$5,775,000 (Comp 5). The mid-point is about \$6,500,000. Due to the current lack of supply of oceanfront lots in master-planned communities in and near Cabo San Lucas, as well as the relatively close location of the subject to downtown Cabo, it is our opinion that the subject lots would be between the most equal comp at \$5,775,000 and the mid-point of \$6,500,000. It is our opinion that \$6,000,000 is the most reliable value conclusion for the subject oceanfront lots.

Thus, \$6,000,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical oceanfront lot having a typical lot size of about 2,000 square meters or about 21,500 square feet having about 30 lineal meters of ocean frontage in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

**ESTIMATED MARKET VALUE OF TYPICAL OCEANFRONT LOT HAVING A
TYPICAL LOT SIZE OF 21,500 SQUARE FEET (ABOUT 2,000 M2), IN THE SUBJECT,
CASH\$6,000,000 USD**

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE 2ND AND 3RD ROW LOT IN THE SUBJECT
11,000 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have 2nd and 3rd row lots (behind oceanfront lots). As shown in the Highest and Best Use section of this report, the typical or market based size of an 2nd and 3rd row lots is about 1,500 square meters or about 16,000 square feet having good oceanviews over the oceanfront lots due to topography.

The following sales are utilized in the comparison for the 2nd and 3rd row lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued. Oceanfront lots were included to show upper limits of value.

There is a limited amount of data for second row oceanview lots. Therefore, similar sales as the oceanfront lot valuation are used. Due to a staggered layout of lots, some 2nd row lots are near oceanfront lots.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SINGLE-FAMILY LOT SALES

#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Jun-07	Sale	Lot 5 Kupuri, Punta Mita, Puerto Vallarta area	\$4,500,000	35,000	2nd row, not oceanfront but panaormaic oceanview due to elevation. In high-end master- planned community	Robin Reyes
2	Jun-07	Sale	Lot 4 Kupuri, Punta Mita, Puerto Vallarta area	\$4,250,000	38,000	2nd row, sliver of oceanfront but panaormaic oceanview due to elevation. In high-end master-planned community	Robin Reyes
3	Jun-07	Sale	Lot 206 El Dorado, Cabo	\$5,400,000	11,000	2nd row, not oceanfront but panaormaic oceanview due to elevation. In high-end master- planned community	Donnally King
4	Jul-07	Sale	Lot 58 Caleta, Palmilla	\$7,000,000	16,000	Oceanfrontage. In high-end master-planned community. Needs \$500,000 in retaining walls	David Liles
5	Jun-07	Sale	Lot 6 Kupuri, Punta Mita, Puerto Vallarta area	\$5,500,000	28,000	Oceanfrontage. In high-end master-planned community	Robin Reyes
6	Jul-07	Sale	Lot 6 El Banco, Costa Banderas, Puerto Vallarta	\$4,650,000	87,000	Oceanfrontage. In high-end master-planned community	Marc Sinanian
7	Jul-07	Sale	Lot 9 El Banco, Costa Banderas, Puerto Vallarta	\$4,800,000	78,000	Oceanfrontage. In high-end master-planned community	Marc Sinanian

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in either the Los Cabos region or in the Puerto Vallarta region. The Puerto Vallarta region is less in price and dynamics than Los Cabos and was adjusted upward. No adjustments were warranted for the Los Cabos sales.

Specific location relates to a site's location within the community. Comps 3 and 4 are located within established master-planned communities with easy access to the airport and high-end amenities. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Comps 1, 2, 5, and 7 are much further from the airport and were adjusted upward. All other comps were located along a highway and were not adjusted.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot does not have direct ocean frontage. Due to the limited amount of comps available in the market, oceanfront comps were used. These were adjusted downward. The subject is very close to the ocean due to layout. Comps in second and third rows were not adjusted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have a good view due to topography. Comps that were ocean frontage were adjusted downward. All other comps and had similar good quality ocean views and no adjustments were warranted.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Comps 1, 2, 3, and 5 in El Dorado and Punta Mita have many very high-end amenities and were considered only slightly superior to the proposed amenities for the subject. Comps 6 and 7 have lesser amenities and were inferior to the subject and adjusted downward nominally. The remaining comps had similar amenities and were not adjusted. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimmable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimmable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID - SECOND AND THIRD ROW

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7
SALES PRICE	\$4,500,000	\$4,250,000	\$5,400,000	\$7,000,000	\$5,500,000	\$4,650,000	\$4,800,000
PROPERTY RIGHTS	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0
MARKET CONDITIONS	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5%
INDICATED VALUE	\$4,500,000	\$4,462,500	\$5,670,000	\$7,350,000	\$5,775,000	\$4,882,500	\$5,040,000
GENERAL LOCATION	+	+	0	0	+	+	+
SPECIFIC LOCATION	0	0	-	0/-	0	0	0
ACCESS	+	+	0	0	+	+	+
SIZE	-	-	0	0/-	-	-	-
OCEANFRONT	0	0/-	+	-	-	-	-
OCEANVIEW	0	0	0	-	-	-	-
INFRASTRUCUTURE	0	0	0	0	0	0	0
PROJECT AMENITIES	0/-	0/-	0/-	0	0/-	+	+
SANDY BEACH	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	0/+	0	-	-	-	-	-
	About/more	About	Less	Less	Less	Less	Less
INDICATED VALUE	\$4,500,000	\$4,462,500	\$5,670,000	\$7,350,000	\$5,775,000	\$4,882,500	\$5,040,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical 2nd and 3rd row lot having a typical lot size of 16,000 square feet in the subject at about or more than about \$4,500,000 USD per lot (Comps 1 and 2) but less than about \$4,882,000 USD per lot (comp 6). The mid-point is about \$4,750,000. Given the higher density, a point near the lower end of the range, or \$4,500,000 is most reasonable. This accounts for both second and third row typical lots.

Thus, \$4,500,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical oceanfront lot having a typical lot size of 16,000 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

**ESTIMATED MARKET VALUE OF TYPICAL 2ND AND 3RD ROW LOT HAVING A
TYPICAL LOT SIZE OF 16,000 SQUARE FEET, IN THE SUBJECT,
CASH\$4,500,000 USD**

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE GOLF VILLAS LOT IN THE SUBJECT
16,000 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in Golf Villas section. These are oceanview lots with golf frontage. Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the typical size of these lots are about 1,500 square meters or about 16,000 square feet. The subject lots have good golf views being golf frontage. However, this portion of the site is different from the remaining main site as the lots are below protected sand dunes. Thus, most lots have very limited oceanviews and some without any oceanviews. Per the client, 20 of the 66 have some oceanview (lots #16 -35). This is primarily why they are located along the golf course. While they are closer to the ocean than some of the lots in the development, the sand dunes block much of the view.

The following sales are utilized in the comparison for the lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

OCEANVIEW SINGLE-FAMILY LOT SALES

#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Oct-06	Sale	Lot 3, Section 3 Querencia, Cabo	\$785,000	37,500	Oceanview. In high-end master-planned community	April Martin
2	Feb-07	Sale	Lot 16, Section 19 Querencia, Cabo	\$1,500,000	65,600	Oceanview. In high-end master-planned community	Jon Savage
3	Jun-07	Sale	El Penon Lot 8, Cabo del Sol	\$1,050,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
4	Jul-07	Sale	Las Colinas 3, Cabo del Sol	\$700,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
5	Aug-07	Sale	Las Colinas 29, Cabo del Sol	\$1,025,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
6	Jun-07	Sale	Lot 193 Fundadores, Puerto Los Cabos	\$499,000	27,000	Oceanview. In high-end master-planned community	Paul Geisler
7	Jun-07	Sale	Lot 27 Altillo, Puerto Los Cabos	\$625,000	22,000	Oceanview. In high-end master-planned community	Paul Geisler
8	Jun-07	Sale	Lot 106 La Noria, Puerto Los Cabos	\$390,000	16,000	Oceanview. In high-end master-planned community	Paul Geisler

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in the Los Cabos region and no adjustments were warranted.

Specific location relates to a site's location within the community. Comps 1 and 2 were located nearer the airport but were on the non-oceanfront side of the highway and were adjusted upward for this inferior factor. Historically, product on the non-oceanfront side of the highway is inferior to those on the ocean side. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Most comps were located along a highway and were not adjusted. Comps 6, 7, and 8 have roads to the property that are in need of major repair and were adjusted upward.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot or comps do not have direct ocean frontage and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have good golf views being golf frontage. However, this portion of the site is different from the remaining main site as the lots are below protected sand dunes. Thus, most lots have very limited oceanviews and some without any oceanviews. Per the client, 20 of the 66 have some oceanview (lots #16 -35). This is primarily why they are located along the golf course. While they are closer to the ocean than some of the lots in the development, the sand dunes block much of the view. Most comps had superior views and were adjusted downward. Comps 7 and 8 were further away from the ocean and were not adjusted.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Golf Frontage/View: The subject lots will have golf frontage view of the Davis Love golf course. This typically adds value to the lot. Comps 1 through 5 have similar golf frontage and were not adjusted. Comps 6 through 8 have inferior golf views and were adjusted upward.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Most all comps have lesser amenities and were inferior to the subject and adjusted upward. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$499,000	\$625,000	\$390,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000
GENERAL LOCATION	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	0	0	0
ACCESS	0	0	0	0	0	+	+	+
SIZE	0	-	0	0	0	+	-	0
OCEANFRONT	0	0	0	0	0	0	0	0
OCEANVIEW	--	--	--	--	--	--	0	0
INFRASTRCTURE	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	0	0	0	0	0	+	+	+
PROJECT AMENITIES	+	+	+	+	+	0/-	0/-	0/-
SANDY BEACH	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	-	-	-	-	-	+	+	+
	Less	Less	Less	Less	Less	Greater	Greater	Greater
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical Golf Villas lot having a typical lot size of 16,000 square feet in the subject at more than about \$625,000 USD per lot (Comp 7) but less than about \$735,000 USD per lot (comp 4). The mid-point is about \$700,000.

Many of the golf villas lots do not have ocean views or very slim ocean views. As such, the prices are significantly below those lots with good ocean views.

Thus, \$700,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 16,000 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

**ESTIMATED MARKET VALUE OF TYPICAL GOLF VILLAS LOT HAVING A
TYPICAL LOT SIZE OF 16,000 SQUARE FEET, IN THE SUBJECT,
CASH \$700,000 USD**

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE SUNSET HILL ESTATES LOT IN THE SUBJECT
21,500 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in Sunset Estates section. These are oceanview lots. As shown in the Highest and Best Use section of this report, the typical or market based size of these lots are about 2,000 square meters or about 21,500 square feet having good oceanviews due to topography. The subject lots also have good golf views as shown in the masterplan.

The following sales are utilized in the comparison for the lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

OCEANVIEW SINGLE-FAMILY LOT SALES							
#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Oct-06	Sale	Lot 3, Section 3 Querencia, Cabo	\$785,000	37,500	Oceanview. In high-end master-planned community	April Martin
2	Feb-07	Sale	Lot 16, Section 19 Querencia, Cabo	\$1,500,000	65,600	Oceanview. In high-end master-planned community	Jon Savage
3	Jun-07	Sale	El Penon Lot 8, Cabo del Sol	\$1,050,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
4	Jul-07	Sale	Las Colinas 3, Cabo del Sol	\$700,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
5	Aug-07	Sale	Las Colinas 29, Cabo del Sol	\$1,025,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
6	Jan-07	Sale	Lot 78 Caleta Loma	\$1,250,000	17,000	Oceanview. In high-end master-planned community	Greg Vilardi
7	Nov-07	Escrow	Lot 38, Oasis Palmilla	\$1,300,000	58,000	Oceanview. Golf front. In high-end master-planned community	Greg Vilardi
8	Jun-06	Sale	Lot 84 Fundadores, Puerto Los Cabos, Cabo	\$1,500,000	16,000	Oceanview. Golf Front. In high-end master-planned community	Paul Geisler
9	Nov-07	Listing	Lot 85, Caleta Loma, Palmilla	\$1,475,000	22,000	Oceanview. In high-end master-planned community	Gwen Chambers

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in the Los Cabos region and no adjustments were warranted.

Specific location relates to a site's location within the community. Comps 6 and 9 are located within established master-planned communities with easy access to the airport and high-end amenities. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. Comps 1, 2, and 7 were located nearer the airport but were on the non-oceanfront side of the highway and were adjusted upward for this inferior factor. Historically, product on the non-oceanfront side of the highway is inferior to those on the ocean side. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. All comps were located along a highway and were not adjusted.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot or comps do not have direct ocean frontage and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have a good view due to topography. Comps with superior views were adjusted downward. Comp 4 was further away from the ocean and were adjusted upward. All other comps had similar good quality ocean views and no adjustments were warranted.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned

M975-08 Montana Verde/Bruce D. Greenberg Inc.

community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Golf Frontage/View: The subject lots will have golf view of the Davis Love golf course. This typically adds value to the lot. Comps 7 and 8 have direct golf frontage and were adjusted downward. Comps 4, 5, 6, and 9 have lesser golf views and were adjusted upward. All other comps were similar and not adjusted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Most all comps have lesser amenities and were inferior to the subject and adjusted upward. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimmable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimmable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID - SUNSET HILL ESTATE LOTS

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8	COMP 9
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$1,250,000	\$1,300,000	\$1,500,000	\$1,475,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000
GENERAL LOCATION	0	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	-	+	0	-
ACCESS	0	0	0	0	0	0	0	+	0
SIZE	0	-	0	0	0	0	-	0	0
OCEANFRONT	0	0	0	0	0	0	0	0	0
OCEANVIEW	0	-	0/-	+	0	-	0	-	-
INFRASTRCTURE	0	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	0	0	0	0/+	0/+	+	-	-	+
PROJECT AMENITIES	+	+	+	+	+	+	+	0/-	+
SANDY BEACH	0	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	+	-	+	+	+	0	0	-	-
	Greater	Less	Greater	Greater	Greater	About	About	Less	Less
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,

one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical Sunset Hill Estates lot having a typical lot size of 21,500 square feet in the subject at more than about \$1,100,000 USD per lot (Comp 3) but less than about \$1,500,000 USD per lot (comp 8) and about \$1,300,000 to \$1,375,000 USD per lot (Comps 6 and 7). The mid-point is about \$1,300,000, which is supported by the two most equal comps of about \$1,325,000.

Thus, \$1,300,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 21,500 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

**ESTIMATED MARKET VALUE OF TYPICAL SUNSET ESTATES LOT HAVING A
TYPICAL LOT SIZE OF 21,500 SQUARE FEET, IN THE SUBJECT,
CASH\$1,300,000 USD**

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE ESTATES LOT IN THE SUBJECT

32,000 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in Estates section. These are oceanview lots. As shown in the Highest and Best Use section of this report, the typical or market based size of these lots are about 3,000 square meters or about 32,000 square feet having good oceanviews due to topography. The subject lots also have limited golf views as shown in the masterplan.

The following sales are utilized in the comparison for the lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

OCEANVIEW SINGLE-FAMILY LOT SALES							
#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Oct-06	Sale	Lot 3, Section 3 Querencia, Cabo	\$785,000	37,500	Oceanview. In high-end master-planned community	April Martin
2	Feb-07	Sale	Lot 16, Section 19 Querencia, Cabo	\$1,500,000	65,600	Oceanview. In high-end master-planned community	Jon Savage
3	Jun-07	Sale	El Penon Lot 8, Cabo del Sol	\$1,050,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
4	Jul-07	Sale	Las Colinas 3, Cabo del Sol	\$700,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
5	Aug-07	Sale	Las Colinas 29, Cabo del Sol	\$1,025,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
6	Jun-07	Sale	Lot 193 Fundadores, Puerto Los Cabos	\$499,000	27,000	Oceanview. In high-end master-planned community	Paul Geisler
7	Jun-07	Sale	Lot 27 Alttillo, Puerto Los Cabos	\$625,000	22,000	Oceanview. In high-end master-planned community	Paul Geisler
8	Jun-07	Sale	Lot 106 La Noria, Puerto Los Cabos	\$390,000	16,000	Oceanview. In high-end master-planned community	Paul Geisler

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in the Los Cabos region and no adjustments were warranted.

Specific location relates to a site's location within the community. Comps 1 and 2 were located nearer the airport but were on the non-oceanfront side of the highway and were adjusted upward for this inferior factor. Historically, product on the non-oceanfront side of the highway is inferior to those on the ocean side. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Most comps were located along a highway and were not adjusted. Comps 6, 7, and 8 have roads to the property that are in need of major repair and were adjusted upward.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot or comps do not have direct ocean frontage and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have a average to good view due to topography. Comps with superior views were adjusted downward. Comps 7 and 8 were further away from the ocean and were adjusted upward.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Golf Frontage/View: The subject lots will have fair golf view of the second Phil Mickelson Signature golf course. This typically adds value to the lot. Comps 1 through 5 have superior direct golf views and were adjusted downward. All other comps were similar and not adjusted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Most all comps have lesser amenities and were inferior to the subject and adjusted upward. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID - ESTATE LOTS

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$499,000	\$625,000	\$390,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000
GENERAL LOCATION	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	0	0	0
ACCESS	0	0	0	0	0	+	+	+
SIZE	0	-	+	+	+	0	0/+	+
OCEANFRONT	0	0	0	0	0	0	0	0
OCEANVIEW	--	--	--	-	--	--	+	0/+
INFRASTRCTURE	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	-	-	-	-	-	0	0	0
PROJECT AMENITIES	+	+	+	+	+	0/-	0/-	0/-
SANDY BEACH	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	-	-	-	0	-	-	+	+
	Less	Less	Less	About	Less	Less	Greater	Greater
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical Estates lot having a typical lot size of 32,000 square feet in the subject at more than about \$625,000 USD per lot (Comp 6) but less than about \$900,000 USD per lot (Comp 1) and about \$735,000 USD per lot (comp 4). The mid-point is about \$765,000, which is supported by the most equal comp.

Thus, \$750,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 32,000 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

ESTIMATED MARKET VALUE OF TYPICAL ESTATES LOT HAVING A TYPICAL LOT SIZE OF 32,000 SQUARE FEET, IN THE SUBJECT,

CASH \$750,000 USD

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE VILLAGE LOT IN THE SUBJECT
8,500 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in Section I called The Village. These are oceanview lots. Per the masterplan and representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the typical size of these lots are about 800 square meters or about 8,500 square feet having good oceanviews due to topography. The subject lots also have limited golf views as shown in the masterplan.

The following sales are utilized in the comparison for the lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

OCEANVIEW SINGLE-FAMILY LOT SALES

#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Oct-06	Sale	Lot 3, Section 3 Querencia, Cabo	\$785,000	37,500	Oceanview. In high-end master-planned community	April Martin
2	Feb-07	Sale	Lot 16, Section 19 Querencia, Cabo	\$1,500,000	65,600	Oceanview. In high-end master-planned community	Jon Savage
3	Jun-07	Sale	El Penon Lot 8, Cabo del Sol	\$1,050,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
4	Jul-07	Sale	Las Colinas 3, Cabo del Sol	\$700,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
5	Aug-07	Sale	Las Colinas 29, Cabo del Sol	\$1,025,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
6	Jun-07	Sale	Lot 193 Fundadores, Puerto Los Cabos	\$499,000	27,000	Oceanview. In high-end master-planned community	Paul Geisler
7	Jun-07	Sale	Lot 27 Altillo, Puerto Los Cabos	\$625,000	22,000	Oceanview. In high-end master-planned community	Paul Geisler
8	Jun-07	Sale	Lot 106 La Noria, Puerto Los Cabos	\$390,000	16,000	Oceanview. In high-end master-planned community	Paul Geisler

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in the Los Cabos region and no adjustments were warranted.

Specific location relates to a site's location within the community. Comps 1 and 2 were located nearer the airport but were on the non-oceanfront side of the highway and were adjusted upward for this inferior factor. Historically, product on the non-oceanfront side of the highway is inferior to those on the ocean side. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Most comps were located along a highway and were not adjusted. Comps 6, 7, and 8 have roads to the property that are in need of major repair and were adjusted upward.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot or comps do not have direct ocean frontage and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have a average to good view due to topography. Comps with superior views were adjusted downward. Comps 7 and 8 were further away from the ocean and were adjusted upward.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Golf Frontage/View: The subject lots will have fair golf view of the second Signature golf course. This typically adds value to the lot. Comps 2 through 5 have nominally superior golf views and were adjusted downward nominally. Comps 6 through 8 have nominally inferior golf views and were adjusted upward nominally. All other comps were similar and not adjusted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Most all comps have lesser amenities and were inferior to the subject and adjusted upward nominally. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$499,000	\$625,000	\$390,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000
GENERAL LOCATION	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	0	0	0
ACCESS	0	0	0	0	0	+	+	+
SIZE	-	--	0	0	0	0	--	0
OCEANFRONT	0	0	0	0	0	0	0	0
OCEANVIEW	-	--	-	-	-	-	+	0/+
INFRASTRCTURE	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	0	0/-	0/-	0/-	0/-	0/+	0/+	0/+
PROJECT AMENITIES	0/+	0/+	0/+	0/+	0/+	0/-	0/-	0/-
SANDY BEACH	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	-	-	-	-	-	-	-	+
	Less	Less	Less	Less	Less	Less	Less	Greater
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$548,900	\$625,000	\$390,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical Village lot having a typical lot size of 8,500 square feet in the subject at more than about \$390,000 USD per lot (Comp 8) but less than about \$550,000 USD per lot (comp 6). The mid-point is about \$500,000.

Thus, \$500,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 8,500 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

ESTIMATED MARKET VALUE OF TYPICAL VILLAGE LOT HAVING A TYPICAL LOT SIZE OF 8,500 SQUARE FEET, IN THE SUBJECT,

CASH \$500,000 USD

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The future development parcels, comprised of about 209 acres, is the portion that is not currently entitled. However, at the client's request, this portion is assumed to have all entitlements completed. While there is not a specific development plan approved, as is with most of the subject site, there is a conceptual plan for about 175 single-family lots. Thus, these will be valued as a lot type to account for this parcel.

VALUATION OF A TYPICAL SIZE FUTURE DEVELOPMENT PARCEL GOLF FRONT

LOTS IN THE SUBJECT

16,000 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in the 209 acre future development parcel. Per representatives of Mr. Kenneth A. Jowdy, this parcel will contain, conceptually, about 175 lots interspersed around a future third golf course. Again, this is conceptual but is assumed to be in place at the client's request. These lots would have oceanviews lots having direct golf frontage along a proposed Signature golf course. These lots would have a size of about 16,000 square feet.

The following sales are utilized in the comparison for the lots. The following table shows the comparable sales used. All sales have been confirmed with agents or individuals knowledgeable of the transaction. The typical lot will be valued.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

OCEANVIEW SINGLE-FAMILY LOT SALES							
#	Date	Transac tion	Location	Sales Price	Size (SF)	Comments	Confirmed
1	Oct-06	Sale	Lot 3, Section 3 Querencia, Cabo	\$785,000	37,500	Oceanview. In high-end master-planned community	April Martin
2	Feb-07	Sale	Lot 16, Section 19 Querencia, Cabo	\$1,500,000	65,600	Oceanview. In high-end master-planned community	Jon Savage
3	Jun-07	Sale	El Penon Lot 8, Cabo del Sol	\$1,050,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
4	Jul-07	Sale	Las Colinas 3, Cabo del Sol	\$700,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
5	Aug-07	Sale	Las Colinas 29, Cabo del Sol	\$1,025,000	16,000	Oceanview. In high-end master-planned community	Tad Snell
6	Jan-07	Sale	Lot 78 Caleta Loma	\$1,250,000	17,000	Oceanview. In high-end master-planned community	Greg Vilardi
7	Nov-07	Escrow	Lot 38, Oasis Palmilla	\$1,300,000	58,000	Oceanview. Golf front. In high-end master-planned communitv	Greg Vilardi
8	Jun-06	Sale	Lot 84 Fundadores, Puerto Los Cabos, Cabo	\$1,500,000	16,000	Oceanview. Golf Front. In high-end master-planned community	Paul Geisler
9	Nov-07	Listing	Lot 85, Caleta Loma, Palmilla	\$1,475,000	22,000	Oceanview. In high-end master-planned community	Gwen Chambers

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned oceanfront communities. Since the subject and comparables are oceanfront, this amount is a reasonable rate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

General Location is the economic, political, and social characteristics of a community. All comps are located in the Los Cabos region and no adjustments were warranted.

Specific location relates to a site's location within the community. Comps 6 and 9 are located within established master-planned communities with easy access to the airport and high-end amenities. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. Comps 1, 2, and 7 were located nearer the airport but were on the non-oceanfront side of the highway and were adjusted upward for this inferior factor. Historically, product on the non-oceanfront side of the highway is inferior to those on the ocean side. All other comps were deemed similar and not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Most comps were located along a highway and were not adjusted.

Size relates to the land area of a site. Generally, a smaller lot will sell for less than a larger lot, all else being equal. Those comps that were larger were adjusted downward accordingly. All other comps are similar sized lots and no adjustments were warranted.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical lot or comps do not have direct ocean frontage and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject lots have a good view due to topography. Comps with superior views were adjusted downward. Comp 4 was further away from the ocean and was adjusted upward. All other comps had similar good quality ocean views and no adjustments were warranted.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject is assumed to have all utilities and quality infrastructure, as it is located within a master-planned

M975-08 Montana Verde/Bruce D. Greenberg Inc.

community. All comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Golf Frontage/View: The subject lots will have direct golf frontage along the second proposed Signature golf course. This typically adds value to the lot. Comps 1, 3, 4, and 5 have golf view but not frontage and were adjusted upward. Comps 6 and 9 do not have golf view or frontage and were strongly adjusted upward. These sales were used due to similar location and lot characteristics but not on a golf course. All other comps were similar and not adjusted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have many amenities as shown in the Property Description section.

Most all comps have lesser amenities and were inferior to the subject and adjusted upward nominally. Amenities add value to the lots.

Sandy Beach, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This can be a negative. However, some buyers like the strong waves in high-end communities such as Palmilla and EL Dorado where the beaches are not swimable due to waves. The lower priced buyers have more of a preference. Thus no adjustments are warranted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8	COMP 9
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$1,250,000	\$1,300,000	\$1,500,000	\$1,475,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000
GENERAL LOCATION	0	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	-	+	0	-
ACCESS	0	0	0	0	0	0	0	+	0
SIZE	0/-	0/-	0	0	0	0	0/-	0	0
OCEANFRONT	0	0	0	0	0	0	0	0	0
OCEANVIEW	0	--	0/-	+	0	--	0	--	--
INFRASTRCTURE	0	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	+	0/-	+	+	+	++	0	0	++
PROJECT AMENITIES	0/+	0/+	0/+	0/+	0/+	0/+	0	0/-	0/+
SANDY BEACH	0	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	+	-	+	+	+	-	0	-	-
	Greater	Less	Greater	Greater	Greater	Less	About	Less	Less
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,

one superior characteristic of a comparable may outweigh

an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments

for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical future development parcel golf front lots having a typical lot size of 16,000 square feet in the subject at more than about \$1,102,500 USD per lot (Comp 5) but less than about \$1,375,000 USD per lot (comp 6) and about \$1,300,000 (Comp 7). These lots have golf frontage which commands premiums over similar lots without golf frontage.

Thus, \$1,300,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 16,000 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

**ESTIMATED MARKET VALUE OF TYPICAL FUTURE DEVELOPMENT PARCEL
GOLF FRONT LOTS HAVING A TYPICAL LOT SIZE OF 16,000 SQUARE FEET, IN
THE SUBJECT,**

CASH\$1,300,000 USD

GIVEN THE VARYING DEGREES OF VIEWS AND LOCATIONS OF THESE LOTS WITHIN THE DEVELOPMENT, THIS VALUE IS AN AVERAGE AND IS NOT THE SPECIFIC VALUE OF EACH LOT. RATHER, SINCE THIS IS THE TYPICAL LOT, SOME LOTS WOULD HAVE HIGHER VALUES, WHILE SOME LESS.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF A TYPICAL SIZE OASIS GOLF FRONT LOT IN THE SUBJECT

43,560 SQUARE FEET TYPICAL LOT SIZE

The subject is proposed to have lots in the Oasis Golf Course section. Per representatives of Mr. Kenneth A. Jowdy, this parcel will contain about 40 lots interspersed around the second proposed Signature golf course. These lots would have oceanviews lots having direct golf frontage along a proposed Signature golf course. These lots would have a size of about 43,560 square feet.

Since these lots are essentially similar to those in the future development parcel golf front lots valued just above, except for size, the same adjustments would apply, excepting size. The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8	COMP 9
SALES PRICE	\$785,000	\$1,500,000	\$1,050,000	\$700,000	\$1,025,000	\$1,250,000	\$1,300,000	\$1,500,000	\$1,475,000
PROPERTY RIGHTS	0	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15.00%	10.00%	5.00%	5.00%	0.00%	10.00%	0.00%	0%	0%
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000
GENERAL LOCATION	0	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	+	+	0	0	0	-	+	0	-
ACCESS	0	0	0	0	0	0	0	+	0
SIZE	0	0	0/+	0/+	0/+	0/+	0	0/+	0/+
OCEANFRONT	0	0	0	0	0	0	0	0	0
OCEANVIEW	0	--	0/-	+	0	--	0	--	--
INFRASTRCTURE	0	0	0	0	0	0	0	0	0
GOLF FRONTAGE/VIEW	+	0/-	+	+	+	++	0	0	++
PROJECT AMENITIES	0/+	0/+	0/+	0/+	0/+	0/+	0	0/-	0/+
SANDY BEACH	0	0	0	0	0	0	0	0	0
OVERALL ADJUSTMENT	+	-	+	+	+	0	+	-	0
	Greater	Less	Greater	Greater	Greater	About	Greater	Less	About
INDICATED VALUE	\$902,750	\$1,650,000	\$1,102,500	\$735,000	\$1,025,000	\$1,375,000	\$1,300,000	\$1,500,000	\$1,475,000

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the typical Oasis golf front lots having a typical lot size of 43,560 square feet in the subject at more than about \$1,300,000 USD per lot (Comp 7) but less than about \$1,500,000 USD per lot (comp 8) and about \$1,375,000 to \$1,475,000 USD per lot (Comps 6 and 9). The mid-point is about \$1,400,000 which is supported by the two equal comps. These lots have golf frontage which commands premiums over similar lots without golf frontage.

While the lot sizes are larger than the development parcel golf front lots, premiums for size for golf front lots and oceanview lots are not as strong as for oceanfront or second row lots. Therefore, the concluded value is only slightly higher for the larger size. Oasis Palmilla lots are representative of this point.

Thus, \$1,400,000 USD per lot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of a typical lot having a typical lot size of 43,560 square feet in the subject assuming all infrastructure, approvals, amenities and common areas are completed. Later, development costs will be deducted for the entire site value conclusion. Therefore:

,

**ESTIMATED MARKET VALUE OF TYPICAL OASIS GOLF FRONT LOTS HAVING A
TYPICAL LOT SIZE OF 43,560 SQUARE FEET, IN THE SUBJECT,**

CASH\$1,400,000 USD

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Now that the retail lots within the subject have been valued, these values can be applied to the entire subject development. As the Site Data and Highest and Best Use section of this report concludes, there is demand for an oceanfront hotel/condominium site. The site are summarized as follows:

Subject Hotel/Condominium Sites				
View	Location	Approx. Size (hectares)	Approx. Size (Acres)	Approx. Amount of Lineal meters of Beach Frontage
Oceanfront	Along Ocean, west side of site	26	65	500
Oceanview/Golf View	Along rear (northern) border of site	9	22	0
Oceanview/Golf View	Along rear (northern) border of site	8	19	0

First, the oceanfront hotel site will be valued first.

he following sales are utilized in the comparison. Sales of parcels with ocean frontage were used and adjustments were made. Sufficient data was derived from the marketplace for reliance for the Sales Comparison Approach. Further, the highest and best use of the site is for medium density residential.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VACANT LAND SALES								
	Date	Transac tion	Location	Sales Price	Size (acres)	Price/SF	Comments	Confirmed
1	2006	Sale	Lot 1 & 2, Litibu, Nayarit	\$20,163,546	21.29	\$21.75	Beachfront. Will have all utilities, golf, and marketing installed and paid for by FONATUR. Use for investment/speculation.	Antonia Lavendar
2	2005	Sale	Hacienda Site, Cabo San Lucas, BCS	\$30,000,000	25	\$27.55	Beachfront, all utilities. Has existing hotel but hotel given no value.	John Solis
3	2007	Sale	Playa Ballena, Costa Banderas, Nayarit	\$31,000,000	38	\$18.61	About 280 meters beachfront and 425 meters highway frontage. All utilities. Medium density zoning.	Antonia Lavendar
4	2006	Sale	Cabezas, Costa Banderas, Nayarit	\$36,000,000	56.79	\$14.55	Beachfront. All utilities. Use for investment/speculation.	Marc Sinanian
5	2006	Sale	Twin Dolphins Hotel, Cabo San Lucas, BCS	\$50,000,000	45.00	\$25.51	Beachfront. All utilities. Former Twin Dolphins hotel was on site but considered a tear down. Use for high-end villas.	Duncan Mason
6	2007	Sale	Parcel H5, Punta Mita, Nayarit	\$57,000,000	57.00	\$22.96	Beachfront. All utilities. Use for future reisidential project.	Robin Reyes
7	2007	Sale	El Tezal Lote de Martin (near La Vista), Cabo San Lucas, BCS	\$3,850,000	17.3	\$5.11	Non-beachfront. All utilities	John Foran
8	2006	Sale	Parcel behind Villas del Mar (Espiritu), Palmilla, Cabo San Lucas, BCS	\$28,700,000	75.0	\$8.78	Non-beachfront. All utilities	Ron Hatfield

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ANALYSIS OF THE TYPICAL OCEANFRONT HOTEL/CONDOMINIUM SITE

The data for estimating the market value for the proposed hotel/condominium site is considered good as most of the sales were located in similar economically dynamic markets. They are considered sufficient for a reliable indication of value.

All of the data were confirmed with sales agents as shown. The analysis is as follows:

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions. Listings have shown in the market place to sale for full list or near list prices and only a nominal adjustment of 5% is warranted.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply

M975-08 Montana Verde/Bruce D. Greenberg Inc.

and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned beachfront communities. Since the subject and comparables are not beachfront but lagoon front and interior, this amount is a reasonable rate.

General Location is the economic, political, and social characteristics of a community. All comps are located in either the Los Cabos region or in the Puerto Vallarta region. The Puerto Vallarta region is less in price and dynamics than Los Cabos and was adjusted upward. No adjustments were warranted for the Los Cabos sales.

Specific location relates to a site's location within the community. Comps 2, 5, and 8 are located nearer to the airport and amenities than the subject. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. Comps 1, 3, 4, and 7 were located much further away and was adjusted upward. All other comps were a similar distance as the subject and were not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is with just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. All comps were located along a highway or had good access and were not adjusted.

Size: The subject contains +/-65 acres. The sales range from 17 to 75 acres. Smaller parcels usually reflect higher sales prices per acre than larger parcels since smaller parcels can be sold to a greater number of potential buyers. Smaller parcels typically reflect overall lower selling prices, but higher prices on a per acre basis. Larger parcels typically reflect higher selling prices, but lower prices on a per acre basis. Larger parcels require more capital to acquire, hold and develop than smaller

M975-08 Montana Verde/Bruce D. Greenberg Inc.

parcels. Therefore, smaller sales have been adjusted downward while larger sales have been adjusted upward for size differences.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical site has direct ocean frontage as do the comps and no adjustments were warranted. The amount of ocean frontage was also similar to the comps. Comps 7 and 8 were not oceanfront but recent sales along the Corridor and were adjusted upward.

Ocean View is the degree of view or the quality of view of the ocean. The subject typical site has a good view of the ocean being oceanfront and also due to the good topography of the subject site. Comp 2 has a view of the famous Arch and was considered superior. Comps 7 and 8 were not oceanfront but recent sales along the Corridor and were adjusted upward. All other comps were similar and not adjusted. Comp 5 has a sweeping view of a bay and was considered slightly superior.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject has all utilities. Comps 1 through 5 and 7 were not located in master-planned communities and upward adjustments were warranted. All other comps were located in master-planned communities, as the subject, and no adjustments were warranted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have several golf courses as well as hotel amenities and a beach club.

Comps 1, 3, 4, 5, and 7 were not located in master-planned communities and had less or no amenities and were considered inferior in this regard and were adjusted upward. All other comps had similar amenities and were not adjusted. Amenities add value to the lots. Comp 2 is located in downtown Cabo San Lucas and has many local amenities within walking distance and was considered equal.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Sandy Beach/Swimable Beach Access, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This is a negative. However, some like the strong waves and an adjustment is not warranted. All other comps had similar non-swimable beaches and were not adjusted.

Government Approvals: The completion of pre-development measures add value. Properties with value enhancement measures such as engineering and platting usually reflect higher prices when compared to raw land. The higher price reflects the cost and time required to complete these development phases.

The subject is assumed to have all many governmental approvals completed being within a master-planned community. Comps 3, 7, and 8 were not located in master-planned communities and had no entitlements and were adjusted upward. All other comps had approvals and were not adjusted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID - HOTEL/CONDOMINIUM SITE

	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8
SALES PRICE	\$21.75	\$27.55	\$18.61	\$14.55	\$25.51	\$22.96	\$5.11	\$8.78
PROPERTY RIGHTS	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	+
MARKET CONDITIONS	15.0%	30.0%	0.0%	15.0%	15.0%	0.0%	0.0%	0.0%
INDICATED VALUE	\$25.01	\$35.81	\$18.61	\$16.74	\$29.33	\$22.96	\$5.11	\$8.78
GENERAL LOCATION	+	0	+	+	0	+	0	0
SPECIFIC LOCATION	0/+	-	+	+	0	0	+	-
ACCESS	0	0	0	0	0	0	0	0
SIZE	-	-	-	0	-	0	-	0
OCEANFRONT	0	0	0	0	0	0	+	+
OCEANVIEW	0	-	0	0	0/-	0	+	+
INFRASTRCTURE	+	+	+	+	0/+	0	+	0
GOLF FRONTAGE/VIEW	0	0	0	0	0	0	0	0
PROJECT AMENITIES	0/+	0	+	+	0/+	0	+	0
SANDY BEACH	0	0	0	0	0	0	0	0
GOV'T APPROVALS	0	0	+	0	0	0	+	+
OVERALL ADJUSTMENT	+	-	+	+	-	+	+	+
	Greater	Less	Greater	Greater	Less	Greater	Greater	Greater
INDICATED VALUE	\$25.01	\$35.81	\$18.61	\$16.74	\$29.33	\$22.96	\$5.11	\$8.78

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the hotel site in the subject at more than about \$25 USD per square foot (Comp 1) but less than \$29 USD per square foot (Comp 5). The mid-point of the range is about \$27 per square foot USD which is supported by the most equal comp.

The subject hotel site is located a similar distance from established development and amenities as is Comp 5 but has superior amenities but inferior specific location. Comp 2 is located within downtown Cabo San Lucas and is considered to be superior. Thus, a point near these comps is considered to be the most reliable indication of value.

In addition, we are aware of a highly confidential pending sale along the corridor in Cabo San Lucas. This site is pending for +/- \$1,000,000 per acre and is somewhat larger than the subject hotel site. This shows that there are other sales above the subject range in similar locations.

Thus, \$27 USD per square foot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of the oceanfront hotel/condominium site in the subject assuming all infrastructure, approvals, amenities and common areas are completed.

Therefore, for the typical +/-65 acre subject site, +/-2,831,400 square feet times \$27 per square foot (+/- \$290 per square meter), equals \$76,447,800 rounded to \$76,000,000 USD.

Therefore:

**ESTIMATED MARKET VALUE OF THE +/- 65-ACRE OCEANFRONT
HOTEL/CONDOMINIUM SITE IN THE SUBJECT, CASH\$76,000,000 USD**

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Next, the two non-oceanfront condominium sites, located in the rear of the site, will be valued. Since these two sites are essentially similar in size and location, the same valuation conclusion applies to both sites.

The following sales are utilized in the comparison. Sales of parcels without ocean frontage were used and adjustments were made. Sufficient data was derived from the marketplace for reliance for the Sales Comparison Approach. Further, the highest and best use of the site is for medium density residential. It should be noted that these sites could also have a highest and best use for commercial uses, thus comps for commercial uses were also included.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VACANT LAND SALES									
	Date	Transacti on	Location	Sales Price	Size (acres)	Price/SF	Price/m2	Comments	Confirmed
1	2006	Sale	Lot behind marina in Puerto Los Cabos, Cabo San Lucas, BCS	\$3,700,000	3.5	\$24.62	\$265.00	Beachfront. All utilities. Use for future residential project.	Confidential
2	2005	Sale	Land behind Costco, near downtown Cabo San Lucas, BCS	\$1,000,000	6.5	\$3.54	\$38.07	Non-beachfront. All utilities	Valerio Gonzales
3	2006	Sale	KM 2.0 Highway 1, Cabo San Lucas, BCS	\$300,000	1.0	\$6.89	\$74.13	All infrastructure in close proximity. Poor visibility as it is under a bridge	Adriana Martinez / Pirce, Owner
4	2006	Sale	KM 29 - Peninsula retail center, San Jose del Cabo, BCS	\$2,007,435	2.1	\$22.37	\$240.79	Located next to the Honda dealership. Developed by the owner of Honda. All infrastructure in close proximity.	Cliff Wilson, Baja Properties
5	2005	Sale	Km 7 - Next to Home Depot, Cabo San Lucas, BCS	\$3,024,000	10.4	\$6.68	\$71.85	All infrastructure in close proximity.	Martin Posch, Prudential
6	2007	Escrow	KM 25 - El Zalate Lot 1	\$3,850,000	13.6	\$6.50	\$69.95	Significant grading is required on site and is reflected in the price. In addition, there are radio towers that are existing in the center of the property. All infrastructure in close proximity.	Mike Schaible, Baja Properties
7	2007	Listing	KM 7 - Next to Home Depot, Cabo San Lucas, BCS	\$10,000,000	9.0	\$25.51	\$274.55	All infrastructure in close proximity.	Cabo Commercial
8	2007	Listing	KM 5.5, next to CFE and Costco, Cabo San Lucas, BCS	\$7,000,000	5.0	\$32.14	\$345.94	All infrastructure in close proximity.	Juan Calderon, broker
9	2007	Sale	Near Flamingos along Highway 200, Puerto Vallarta, Jalisco	\$6,800,000	9.9	\$15.77	\$169.72	All infrastructure installed.	Bryan Dragoo, agent
10	2007	Pending	Near Nuevo Vallarta along Highway 200, Puerto Vallarta, Jalisco	\$11,000,000	26.3	\$9.60	\$103.35	All infrastructure in close proximity.	Mike Fontaine, broker

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ANALYSIS OF THE TYPICAL NON-OCEANFRONT CONDOMINIUM SITE

The data for estimating the market value for the proposed condominium site is considered good as most of the sales were located in similar economically dynamic markets. They are considered sufficient for a reliable indication of value.

All of the data were confirmed with sales agents as shown. The analysis is as follows:

The following explains the adjustment factors used in the analysis as it applies to the subject in comparison to the sales for each adjustment.

The first step in the analysis of comparables is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (Fideicomiso), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

The comparable sales used are "arm's length" transactions and considered to be typical market transactions. Listings have shown in the market place to sale for full list or near list prices and only a nominal adjustment of 5% is warranted.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply

M975-08 Montana Verde/Bruce D. Greenberg Inc.

and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a ten percent (10%) per year upward adjustment has been made to each of the sales. This amount is typical for lots in master-planned beachfront communities. Since the subject and comparables are not beachfront but lagoon front and interior, this amount is a reasonable rate.

General Location is the economic, political, and social characteristics of a community. All comps are located in either the Los Cabos region or in the Puerto Vallarta region. The Puerto Vallarta region is less in price and dynamics than Los Cabos and was adjusted upward. No adjustments were warranted for the Los Cabos sales.

Specific location relates to a site's location within the community. Comps 3, 5, 7, 8, and 10 are located nearer to downtown and amenities than the subject. The subject being located on the Pacific Ocean side is further from these amenities. These comps were adjusted downward for being superior. Comps 1, 4, 6 and 9 were located much further away and was adjusted upward. All other comps were a similar distance as the subject and were not adjusted.

Access is the site's ease of access or number of entry points. The subject has good access as the subject site is with just north of downtown Cabo San Lucas and along Highway 19 that leads to La Paz and Cabo San Lucas. Most comps were located along a highway or had good access and were not adjusted.

Size: The subject sites contain +/-19 and 22 acres. The sales range from 1 to 26 acres. Smaller parcels usually reflect higher sales prices per acre than larger parcels since smaller parcels can be sold to a greater number of potential buyers. Smaller parcels typically reflect overall lower selling prices, but higher prices on a per acre basis. Larger parcels typically reflect higher selling prices, but lower prices on a per acre basis. Larger parcels require more capital to acquire, hold and

M975-08 Montana Verde/Bruce D. Greenberg Inc.

develop than smaller parcels. Therefore, smaller sales have been adjusted downward while larger sales have been adjusted upward for size differences.

Ocean Frontage is how much of ocean frontage a lot includes. A lot with ocean frontage will sell for much more than one without. The subject typical site does not have direct ocean frontage as neither do the comps and no adjustments were warranted.

Ocean View is the degree of view or the quality of view of the ocean. The subject typical site has a good view of the ocean due to the good topography of the subject site. Comp with lesser ocean views were considered inferior and were adjusted upward while those with superior views were adjusted downward. All other comps were similar and not adjusted.

Infrastructure/Utilities relates to the availability of electric, water, and sewer service. The subject has all utilities as do the comps and no adjustments were warranted.

Project Amenities such as golf, clubs, retail, and services help contribute to the pricing and absorption and consequently the value of a site. The subject will have several golf courses as well as hotel amenities and a beach club.

Amenities add value to the lots. All comps had lesser amenities and were adjusted upwards.

Sandy Beach/Swimable Beach Access, or the amount, influences the value of a site. The subject and all lots have access to sandy beach and no adjustments were warranted. However, the subject, being on the Pacific Ocean side, does not have a beach that is swimable due to the strong currents and waves. This is a negative. However, some like the strong waves and an adjustment is not warranted. All other comps had similar non-swimable beaches and were not adjusted.

Government Approvals: The completion of pre-development measures add value. Properties with value enhancement measures such as engineering and platting usually reflect higher prices when

M975-08 Montana Verde/Bruce D. Greenberg Inc.

compared to raw land. The higher price reflects the cost and time required to complete these development phases.

The subject is assumed to have all many governmental approvals completed being within a master-planned community. All comps had some approvals and were slightly adjusted.

The analysis is as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID

	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7	SALE 8	SALE 9	SALE 10
SALES PRICE/SF	\$24.62	\$3.54	\$6.89	\$22.37	\$6.68	\$6.50	\$25.51	\$32.14	\$15.77	\$9.60
PROPERTY RIGHTS	0	0	0	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0	0	0	0
MARKET CONDITIONS	15%	30%	15%	15%	30%	0%	-15%	-15%	0%	0%
INDICATED VALUE/SF	\$28.31	\$4.60	\$7.92	\$25.73	\$8.68	\$6.50	\$21.68	\$27.32	\$15.77	\$9.60
GENERAL LOCATION	0	0	0	0	0	0	0	0	0	0
SPECIFIC LOCATION	0	+	-	+	-	+	-	-	-	-
ACCESS	+	+	0	0	0	0	0	0	0	0
SIZE	--	--	--	--	0	0	0	--	0	0
OCEAN FRONTAGE	0	0	0	0	+	0	0	0	0	0
OCEANVIEW/TOPO.	-	+	++	-	0	0	-	0	-	-
ZONING (DENSITY)	0	0	0	0	0	0	0	0	0	0
INFRASTRUCTURE/UTILITIES	0	0	0	0	0	0	0	0	0	0
PROJECT AMENITIES	+	+	+	+	+	+	+	+	+	+
SANDY BEACH	0	0	0	0	0	0	0	0	0	0
GOVT APPROVALS	0/+	0/+	+	0/+	0/+	0/+	0/+	0/+	0/+	0/+
OVERALL ADJUSTMENT	-	+	+	-	+	+	-	-	-	-
	Less	Greater	Greater	Less	Greater	Greater	Less	Less	Less	Less
INDICATED VALUE/SF	\$28.31	\$4.60	\$7.92	\$25.73	\$8.68	\$6.50	\$21.68	\$27.32	\$15.77	\$9.60

Note 1: (-) represents superior, thus downward adjustment

(+) represents inferior, thus upward adjustment

(0) represents similar, thus no adjustment

Note 2: Not all adjustments are equally weighted, therefore,
one superior characteristic of a comparable may outweigh
an inferior characteristic of that comparable.

Note 3: The first four adjustments are made sequentially, while the adjustments
for location and physical characteristics are made in aggregate.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The sales reflect values for the hotel site in the subject at more than about \$8.50 USD per square foot (Comp 5) but less than \$9.50 USD per square foot (Comp 10). The mid-point of the range is about \$9 per square foot USD which is supported by the most equal comp.

Thus, \$9 USD per square foot is deemed appropriate. It should be noted that for the Development Cost Approach, this value conclusion is the retail price of the condominium site in the subject assuming all infrastructure, approvals, amenities and common areas are completed.

There are two sites. Each is similar and would have the same valuation conclusion.

Therefore, for the +/-19 acre subject site, +/-827,640 square feet times \$9 per square foot (+/- \$97 per square meter) equals \$7,448,760 rounded to \$7,500,000 USD.

Therefore:

**ESTIMATED MARKET VALUE OF THE +/- 19-ACRE NON-OCEANFRONT
CONDOMINIUM SITE IN THE SUBJECT, CASH\$7,500,000 USD**

Therefore, for the +/-22 acre subject site, +/-958,320 square feet times \$9 per square foot equals \$8,624,880 rounded to \$8,625,000 USD.

Therefore:

**ESTIMATED MARKET VALUE OF THE +/- 22-ACRE NON-OCEANFRONT
CONDOMINIUM SITE IN THE SUBJECT, CASH\$8,625,000 USD**

M975-08 Montana Verde/Bruce D. Greenberg Inc.

RETAIL PRICE SUMMARY

# of Lots	Lot Type	Approx. Size (m2)	Approx. Size (SF)	Retail Price (\$USD)
75	Oceanfront Lots	2,000	21,500	\$6,000,000
150	Second/Third Row Oceanview Lots	1,500	16,000	\$4,500,000
66	Golf Villas Lots	1,500	16,000	\$700,000
78	Sunset Hill Estate Lots	2,000	21,500	\$1,300,000
86	The Estates Lots	3,000	32,000	\$750,000
100	The Village Lots	800	8,500	\$500,000
40	Oasis Golf lots	4,000	43,560	\$1,400,000
175	Future Development Parcel	1,500	16,000	\$1,300,000
770		WEIGHTED AVERAGE:		\$2,150,000

The above table summarizes the above conclusions. Given these densities and allocation of lot types, the value conclusions are applied resulting in the average retail lot price for the subject development. These prices will be utilized in valuing the entire subject development. Because it accounts for all lot types, by itself, the amount is meaningless. However, by using this average helps in the valuation process for the entire subject. The weighted average retail lot price of the single-family lots is \$2,150,000. The retail price of the hotel/condominium sites are as follows:

View	Approx. Size (hectares)	Approx. Size (Acres)	Approx. Amount of Lineal meters of Beach Frontage	Retail Price (\$USD)
Oceanfront	26	65	500	\$76,000,000
Oceanview/Golf View	9	22	0	\$8,625,000
Oceanview/Golf View	8	19	0	\$7,500,000

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VALUATION OF SUBJECT "AS IS"

The following presents the value for the entire site "as is.

ESTIMATED SELL-OUT OR ABSORPTION PERIOD

As shown in the Absorption section of this report, it is our opinion that the subject can reasonably expect to sell 60 lots in year 1, with an annual absorption increase of 10% per year. This is consistent with other major master-planned communities in Los Cabos. This is based upon market data as well as taking into account future supply levels and demand.

It is also our estimation that given the location of the subject near Los Cabos, the subject can expect to sell hotel/condominium sites at a rate lower than what has been in the past but still at a healthy rate. It is our estimation that the subject can expect to sell hotel/condominium sites at a rate of 1 site every three years. Since it takes time to develop a condominium project, the single-family lot sales, a different product, would not be hindrance but an aid as lots sales would be well underway aiding condominium sales.

Appreciation of lots and sites are projected to be about 7.55% annually. This is due to the lower prices as compared to the Corridor and the increasing demand for quality real estate on the Pacific Ocean side of Los Cabos. Over the last 5 years, appreciation along the corridor has been between 10% to 25% for real estate in oceanfront master-planned communities.

SALES AND MARKETING EXPENSES:

During the sell-out period certain marketing and sales related costs will be incurred. Among the marketing related costs are: advertising brochures, billboards, signage, and any other forms of promotion and advertising, sales commissions paid; and closing costs. Typically, master developers control many important aspects of the sales and marketing process, and thereby the costs.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Considering the above, a 10.0 percent of gross sales amount for sales and marketing related expenses has been utilized during the sell-out period. This is typical to aggressive for other communities but is necessary for the price points and density of the subject.

ADMINISTRATIVE/OVERHEAD EXPENSES:

Administrative and overhead costs have also been applied as a percentage of sales. The amount is typically a function of staff personnel, equipment, supplies and space (office) costs. Staff personnel required to complete the job includes clerical, managerial, supervisors, professionals and consultants. Some developers consider this item more a fixed cost than a percentage of sales. Most office and support personnel are salaried; therefore, the cost is not directly related to volume of sales.

During the sell-out period a 4.0 percent of gross sales has been applied for administrative costs and overhead. This cost is applied during the sale period. This cost is higher than “as if completed” scenario due to the fact that construction is not complete and more overhead expense is necessary.

ESTIMATED DEVELOPMENT COSTS TO COMPLETE THE PROJECT

According to representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the estimated development cost of the subject project is a total of approximately \$113,000,000 or about \$150,000 per lot. This includes three golf courses, beach clubs, golf clubs, retail, sports facilities, desalination plants, utility infrastructure, roads, common areas, etc. It should be noted that a significant amount of money has already been invested in the current golf course under construction, the current, desalination plant, the lakes, the 66-golf villas infrastructure, and some landscaping and other roads.

The breakdown of these costs is as follows as provided by representatives of Mr. Ken Jowdy.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ACCOUNT DESCRIPTION	Current Budget
CONSULTANTS	\$ 396,500.00
ACCOUNTING/TAXES/INSURANCE/DEBT SERVICE	\$ 25,000.00
LEGAL/HOA	\$ 200,000.00
PERMITS, FEES, BONDS, ENTITLEMENTS	\$ 55,643.00
SITE IMPROVEMENTS - FUTURE DEVELOPMENT PARCEL	\$ 5,175,000.00
SITE IMPROVEMENTS - VILLAGE PARCEL	\$ 5,000,000.00
VERTICAL CONSTRUCTION - VILLAGE PARCEL (AMENITIES ONLY)	\$ 8,500,000.00
VERTICAL CONSTRUCTION - SPORTS CLUB/TENNIS	\$ 8,800,000.00
SITE IMPROVEMENTS - WATERFRONT HOTEL PARCEL	\$ 2,000,000.00
SITE IMPROVEMENTS - BEACHFRONT PARCEL	\$ 6,800,000.00
SITE IMPROVEMENTS - SUNSET HILL	\$ 1,950,000.00
SITE IMPROVEMENTS - ESTATES	\$ 2,150,000.00
DIAMANTE BOULEVARD AND GOLF VILLAS SITE IMPROVEMENTS	\$ 4,000,000.00
DESALINATION PLANT	\$ 2,952,000.00
MAINTENANCE BUILDING	\$ 270,000.00
WASTEWATER PLANT	\$ 800,000.00
GOLF COURSE CONSTRUCTION - DAVIS LOVE REMAINING COSTS	\$ 2,100,000.00
GOLF COURSE CONSTRUCTION - DEVELOPMENT PARCEL COURSE	\$ 18,100,000.00
GOLF COURSE CONSTRUCTION - OASIS/LOTS	\$ 30,000,000.00
GOLF COURSE CLUBHOUSE	\$ 3,000,000.00
IRRIGATION LAKE/LAKES	\$ 555,000.00
MAINTENANCE EQUIPMENT	\$ 705,000.00
GOLF CARTS/FACILITY	\$ 250,000.00
GROW IN BUDGET	\$ 250,000.00
CONTINGENCY	\$ 9,000,000.00
GRAND TOTAL	\$ 113,034,143.00

To support these costs, we obtained reliable information from noted developer's in the area which we will use to support the subject properties budgeted on-site development costs. Due to confidentially reasons, the names of these developments cannot be disclosed. However, this information is contained within our work files.

Per the developer of a project in Manzanillo, the project has horizontal infrastructure costs of approximately \$45,000 per lot based upon about 1,100 lots, most of which are along a hillside. This typically increases costs.

One large scale project in the Mazatlan area is proposing to develop homes at a density of 3.25 lots per acre. Development costs are projected to be \$35,000 USD per lot for common areas and infrastructure but excluding amenities. The level of amenities has not been yet determined.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

A large scale project proposed for construction located along the Pacific side just north of Cabo San Lucas has development costs of infrastructure at between \$150,000 to \$200,000 per unit depending on hotel density. This includes two golf courses as well as high end sports amenities and such.

A large scale project under construction located along the Pacific side by downtown Cabo San Lucas has development costs of infrastructure with amenities added at between \$300,000 to \$400,000 per lot. This includes two golf courses as well as high end amenities and such. The site has difficult topography, which increases costs.

One other project, located in a small town between La Paz and Los Cabos with some hilly terrain has development costs of about \$98,000 per lot. However, this development is in need of a massive retaining and engineered sea wall, and is limited in lot count, thus increasing the price per lot.

These expenses are include infrastructure consisting of power, water, sewer, telephone, paved roads with curbs/landscaping and streetlights as well as soft costs associated with the development and common areas including landscaped greenbelts. Some include amenities as well. The range of development cost is from \$35,000 USD to \$400,000 USD per unit.

Given the above information, the proposed development costs for the subject are in the higher end of the range. However, the subject has many high-end amenities, which increases costs substantially. Thus, the budgeted costs will be utilized.

CHANGES IN ANY OF THE ABOVE CONDITIONS MAY AFFECT THE MARKET VALUE OPINION OF THE SUBJECT PROPERTY. WE RESERVE THE RIGHT TO RE-APPRAISE THE SUBJECT PROPERTY IN THE EVENT ANY OF THE ABOVE CONDITIONS CHANGE FOR AT A LATER DATE AN ADDITIONAL FEE DEVELOPERS PROFIT

Developer's profit is a market-derived figure that represents the amount an entrepreneur or developer expects to receive over-and-above compensation for costs. With land sale programs, the developer typically targets a sufficient return for incurring the costs and risks of the development,

M975-08 Montana Verde/Bruce D. Greenberg Inc.

as well as the time to acquire, plan, develop and sell-out a subdivision. Profit cannot be adequately quantified until all costs are deducted from revenues.

In general, a profit percentage is targeted by a developer; realized profit occurs after sell-out of the entire project, depending upon total revenues and total construction costs. Developers do not generally deduct profit from each sale occurring within the development as implied by profit being a percentage of sales.

ESTIMATED RATE OF RETURN FOR DISCOUNTING PROCESS:

Rates of return for real estate developments are not calculable until the termination of an investment. The rate of return as it relates to subdivisions is calculated on the basis of acquisition and development cost related to revenues over the sell-out period. This pattern of revenues and expenses are somewhat similar to other improved real estate whereby an acquisition is made, a return on investment is received (net operating income), and the property is sold, hopefully returning all invested capital to the investor. Developers are cautious about releasing such information, as they can be easily misinterpreted. Often times, calculations of rates of return include other factors not necessarily associated with development, including profit, initial acquisitions below market or other occurrences, which affect yield.

In order to estimate a fair rate of return for the subject development, review the options available to an investor in the market today.

Mexico Rates	2005	2006	2007 (proj.)	2008 (proj.)
GDP Growth	2.8%	4.8%	2.5%	3.0%
Inflation	3.3%	4.1%	4.0%	4.0%
Exchange Rate (average)	10.5	11.06	10.9	11.5

Investment Yields	Latest Month	Previous Month	Yr. Ago %Change
Stock market	29,536.8	29,770.5	11.7
Money Market - 28 day	7.48%	7.48%	6.3
Overnight paper (Bank)	7.55%	7.50%	7.9
Overnight paper (Gov't)	7.65%	7.50%	8.8
Commercial Paper	7.88%	7.80%	9.1

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The above figures represent relatively low to medium risk investments. In general, as the risks associated with particular types of investment increase, so does the rate of return. In general, real estate yields range from 7.0 to 13.0 percent for various types of investment grade properties that are income producing in the United States. Discount rates on large subdivisions in the United States are typically between 15% and 20%. Mexico would be considered to be higher than these rates given the added risk of a foreign and a second home market. However, according to the 2006 Mexico Housing Overview put on by the Mexican government in México City in November 2006, it was reported that a typical developer expects a 20% to 25% rate of return. Thus, this shows that the Mexico housing market is somewhat comparable to the U.S. market.

Interviews with developers and brokers active in the Mexico market have been conducted indicating rates of return ranging from 20% to 45% for vacant parcels. Other statistical databases including Lloyd's of Mexico, Mexico Watch econometric newsletter, Mexican Business Magazine, and Financiero Internacional (Mexico City based paper) have been accessed. Rates of return on stocks and bonds in Mexico range from 7% to 12%. Mexico banks lend on commercial properties at interest rates around 12% to 18%.

The rate selected for the subject is 35%.

APPLICATION OF THE DEVELOPMENT COST APPROACH:

The preceding information has been utilized in order to estimate the market value of the entire subject property. The specific application to the subject property can be outlined as follows.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Diamante Cabo San Lucas

"AS IF WITH ALL ENTITLEMENTS IN PLACE CURRENTLY"

SITE SIZE: 1,500 Acres
TOTAL # OF SINGLE-FAMILY LOTS 770
WEIGHTED AVG. RETAIL PRICE: \$2,150,000
TOTAL # OF HOTEL/CONDO SITES: 3
HOTEL/CONDO SITE RETAIL PRICE: \$76,000,000
HOTEL/CONDO SITE RETAIL PRICE: \$8,625,000
HOTEL/CONDO SITE RETAIL PRICE: \$7,500,000

SALES/MARKETING: 10.0% per lot/site
ADMIN/OH: 4.0% per lot/site
APP. RATE: 7.50% per year
DISCOUNT RATE: 35.0%

ANNUAL	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
ABSORPTION									
NUMBER OF SINGLE-FAMILY LOTS	770	710	644	571	492	402	302	202	102
NUMBER OF HOTEL SITES:	3	2	2	2	1	1	1	0	0
REVENUES									
SINGLE-FAMILY LOT SALES:	60	66	73	80	90	100	100	100	102
HOTEL SITE SALES:	1	0	0	1	0	0	1	0	0
SINGLE-FAMILY LOT PRICES:	\$2,150,000	\$2,311,250	\$2,484,594	\$2,670,938	\$2,871,259	\$3,086,603	\$3,318,098	\$3,566,956	\$3,834,477
HOTEL SITE SALES:	\$76,000,000	\$0	\$0	\$9,100,000	\$0	\$0	\$12,000,000	\$0	\$0
TOTAL SALE INCOME	\$205,000,000	\$152,542,500	\$180,381,506	\$222,401,131	\$258,413,279	\$308,660,305	\$343,809,828	\$356,695,565	\$391,116,687
EXPENSES									
SALES/MARKETING	\$20,500,000	\$15,254,250	\$18,038,151	\$22,240,113	\$25,841,328	\$30,866,031	\$34,380,983	\$35,669,557	\$39,111,669
ADMIN/OH:	\$8,200,000	\$6,101,700	\$7,215,260	\$8,896,045	\$10,336,531	\$12,346,412	\$13,752,393	\$14,267,823	\$15,644,667
DEVELOPMENT COSTS:	\$22,606,829	\$23,285,033	\$23,983,584	\$24,703,092	\$25,444,185			\$0	\$0
TOTAL EXPENSES	\$51,306,829	\$44,640,983	\$49,236,995	\$55,839,250	\$61,622,044	\$43,212,443	\$48,133,376	\$49,937,379	\$54,756,336
NET INCOME	\$153,693,171	\$107,901,517	\$131,144,511	\$166,561,881	\$196,791,235	\$265,447,862	\$295,676,452	\$306,758,186	\$336,360,351
DISCOUNT RATE:	35.0%								
PRESENT VALUE	\$450,809,151	Rounded to		\$450,000,000					
				\$300,000	Per Acre				
				\$6.89	Per Square Foot				
				\$74.10	Per Square meter				

M975-08 Montana Verde/Bruce D. Greenberg Inc.

**ESTIMATED MARKET VALUE OF THE SUBJECT PROPERTY, “AS IF WITH ALL
ENTITLEMENTS IN PLACE”, VIA THE DEVELOPMENT COST APPROACH,
CASH..... \$450,000,000 USD**

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES COMPARISON APPROACH ENTIRE SUBJECT SITE “AS IF”
WITH FULL ENTITLEMENTS

For the purpose of estimating the market value of the subject the Direct Sales Comparison Approach has been employed. Sales of land development sites have been gathered and analyzed. In order for the sales to be compared to the subject, a unit of comparison must first be established. For the subject property, the price per acre is the common comparison preferred in the market place. Additionally, because no two properties are ever truly identical, the sales must be adjusted to reflect the value of the property being appraised. The variables considered to have the most relevance to the subject are addressed and analyzed.

DIRECT SALES COMPARISON APPROACH

The Direct Sales Comparison Approach to value was discussed earlier. The following sales of land development sites have been used in the valuation of the subject. The land development sites are situated in market areas with a recognizable tourist industry.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

VACANT LAND SALES

	Date	Transacti on	Location	Sales Price	Size (acres)	Price/ acre	Comments	Confirmed
1	Late 2006	Sale	Adjacent Dreams Hotel, Cabo corridor, Cabo San Lucas, BCS	\$62,000,000	1,990	\$31,156	About 300 meters of beachfront with mostly backage (some ocean views). All utilities.	Rob Guitierrez
2	Early 2006	Sale	El Rincon, East Cape, BCS	\$105,000,000	2,224	\$47,212	Approx. 7.5 kilometers (+/-4.5 miles) of beachfront and good ocean views. No utilities.	Paul Clark
3	Early 2006	Sale	Pacific side ocean front near Cabo Pacifica, Pacific side of Los Cabos, BCS	\$50,765,640	840	\$60,435	Beachfront. All utilities	Paul Moreno
4	Mid 2005	Sale	Santa Maria Bay, Cabo corridor, Cabo San Lucas, BCS	\$75,000,000	1,196	\$62,709	3 km beachfront. Swimable beach. All utilities nearby. Hotel sold separate.	Duncan Mason
5	Mid 2005	Sale	Chileno Bay, near San Jose Del Cabo, BCS	\$80,000,000	1,268	\$63,091	4 km of Beachfront plus large amount of backage (ocean view on some). All utilities. Some swimable beach. Price includes \$10 million to clean up legal issues. Existing hotel given no value.	Duncan Mason
6	Mid 2003	Sale	Pacific side ocean front adjacent Pedregal. Now Cabo Pacifica.	\$32,000,000	495	\$64,646	Beachfront. All utilities	Jose Luis Mogollon
7	2007	Offer turned down	Cabo Calypso, just south of Rolling Hills	\$65,000,000	650	\$100,020	Beachfront. All utilities. No entitlements. Low density zoning.	Michael Nicol

M975-08 Montana Verde/Bruce D. Greenberg Inc.

For this assignment, the variables considered to have the most relevance to the subject are addressed and analyzed. The following is a brief description of those factors of comparison considered in this analysis.

The first step in the analysis of comparable sales is to adjust the sales prices of the comparables to compare equally to the property being appraised (excluding physical aspects). Adjustments are made for real property rights conveyed (fee simple, leased fee), conditions of sale (motivation), financing terms, and date of sale (market conditions). After completing the above adjustments, the comparable sales are next reduced to their respective units of comparison.

All sales occurred in 2005 through current and are considered to be the most current data. There are other 2006-2007 sales available, however, these are larger or smaller sized properties or located in much inferior areas and not comparable.

Financing Terms: This adjustment considers financing terms. All things being equal, the transaction price of one property may differ from that of another comparable property because the financing arrangements vary. For this analysis, the subject property has been valued based on cash terms (U.S. Dollar), or terms considered cash equivalent.

In regard to financing terms, based on the information available, the sales sold for cash, or sold for cash equivalent terms requiring no adjustment for this factor.

Conditions of Sale: When conditions of sale are atypical, the result may be a sales price that is higher or lower than that of a normal market transaction.

Most of the comparable sales used are "arm's length" transactions and considered to be typical market transactions.

Market Conditions: After the above variables have been considered, the comparable sales are compared for market conditions. Market conditions (e.g., inflation, deflation and changes in supply and demand) may change between the time of sale of the comparable and the date of appraisal of the subject property. Under such circumstances, the price of the comparable property would be

M975-08 Montana Verde/Bruce D. Greenberg Inc.

different at a later time (the date of appraisal), and an adjustment would have to be made to the actual transaction price.

For this analysis, a twenty-five percent (25%) per year upward adjustment has been made to each of the sales. This adjustment is based upon market trends for real estate product in communities such as the La Paz and Cabo San Lucas markets as well as other Mexico oceanfront communities having similar economic characteristics to the subject. In general, since 2002, Cabo San Lucas real estate has increased at between 15% to 35% per year, depending on the type and location of real estate product. The subject is located on a growing side of Los Cabos. Due to the lack of supply of land on the Corridor and the continued demand for good real estate product, the past has supported these increases. Appreciation for large land tracts generally mimics finished product. Thus, we feel that 25% per year is supported by past trends. The overall Baja California Sur market continues to increase in demand and price appreciation remains on an upward trend.

General Location: An adjustment for general location has been made. The general location adjustment considers the general market area of the sales compared to the subject. This adjustment considers the time/distance relationship to necessary amenities like shopping and medical care, socio-economic factors, character and velocity of surrounding development. The sales considered to be in an inferior market area have been adjusted upward. Sales considered to be in a superior market area have been adjusted downward.

The subject is located near Los Cabos. As shown in the Los Cabos overview section, the subject area is in demand and is a growing area. All sales are located in areas that are established markets or near established markets and no adjustments were warranted.

Specific Location: This factor takes into consideration the specific location of the subject and the comparable sales. This adjustment considers the time/distance relationship to non-essential amenities but those that add value. The subject is located by a bay that is well known for its fishing. The Todos Santos area has retail, medical, and hotel services. Sales considered to be in an inferior specific location have been adjusted upward. Sales considered to be in a superior specific location have been adjusted downward.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Comps 1, 2 and 4 through 7 are located along the Los Cabos corridor or next to downtown Los Cabos and considered superior. These comps had easier access to the many amenities of these areas warrant a downward adjustment when compared to the subject. Comp 3 is located on the East Cape and further from Los Cabos and was considered inferior. All other comps were deemed similar and not adjusted.

Access: The subject has legal access from Highway 19 which travels south to Los Cabos and north to La Paz and is a paved highway. Comp 3 is accessed by a rough graded dirt road that connects to a paved road and has been adjusted upward for their inferior access. Sales considered to have similar access when compared to the subject have not been adjusted

Size: The subject is contains 1,500+/- acres. The sales range from 495 to 2,224 acres. Smaller parcels usually reflect higher sales prices per acre than larger parcels since smaller parcels can be sold to a greater number of potential buyers. Smaller parcels typically reflect overall lower selling prices, but higher prices on a per acre basis. Larger parcels typically reflect higher selling prices, but lower prices on a per acre basis. Larger parcels require more capital to acquire, hold and develop than smaller parcels. Further, large parcels require less density and more open space, which lowers the ratio of revenue per acre and demands a lower price per acre. Therefore, smaller sales have been adjusted downward while larger sales have been adjusted upward for size differences.

Zoning (Density) These adjustments consider zoning and density that affect site utility. The subject is zoned for low to medium density residential tourism development. Comps 3 and 8 were zoned for rural at the time of sale and adjusted upward. All other sales were similar and no adjustment was warranted.

Ocean Frontage: This adjustment considers ocean frontage. Properties with ocean frontage sell for more than properties without ocean frontage, all else being equal. According to the survey provided by representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject has approximately 2.35 lineal kilometers (+/- 1.46 lineal miles) of ocean frontage. The shape of the subject is generally rectangular in the main portion of the site. This factor directly

M975-08 Montana Verde/Bruce D. Greenberg Inc.

relates to potential income from sales along the beach. Further subdivision of this land to higher density condo sites and commercial uses can generate significant income from sales.

Sales with more ocean frontage have been adjusted downward while those with less were adjusted upward. Most sales were reported to have similar amounts of ocean frontage in comparison to the subject site and no adjustments were warranted. Comp 1 has very little ocean frontage and was adjusted upward substantially.

Ocean Views/Topography: The land market in Mexico recognizes premiums for proximity to water (ocean), as well as views. The view premiums are less than premiums for proximity. The subject's topography offers good views from nearly all parts of the subject as it has a good gentle slope. Those comps that were adjusted upward have flat topography and lesser opportunity for good ocean views from the rear portions of the site.

All Comps were deemed inferior to the subject. The subject has a greater proportion of ocean frontage as compared to its overall size and shape and was superior to the comps.

Utilities Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, the subject has access to all utilities in sufficient capacity for future development of the subject site at the planned density. We assume these factors to be correct and reliable.

Comp 3 has no access to CFE electric lines and is considered to be inferior.

Government Approvals: The completion of pre-development measures add value. Properties with value enhancement measures such as engineering and platting usually reflect higher prices when compared to raw land. The higher price reflects the cost and time required to complete these development phases.

Per representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, Phase I has all approvals in place and is currently beginning development. At the request of representatives of Diamante Cabo San Lucas, S. de R.L. de C.V. on behalf of the client, this appraisal assumes that the entire proposed subject development has all approvals in place necessary for development and

M975-08 Montana Verde/Bruce D. Greenberg Inc.

sales of the proposed Diamante Cabo San Lucas master-planned community. This is a reasonable assumption as full approvals are not typically given until specific development plans are submitted. Since the subject development is being phased, this will occur as future phases become developed. However, for purposes of valuation, these approvals are assumed to be in place as of the date of value. These approvals include, but not limited to approvals such as environmental or engineering, archeological, utility, and zoning. In other words, all approvals necessary for development of the subject site are assumed to be in place as of the date of value of this report. This is a Hypothetical Condition of this report.

None of the comps had entitlements in place at the time of purchase and were adjusted upward.

The following tabulation shows the adjustments made to the comparable sales.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SALES ADJUSTMENT GRID							
	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7
SALES PRICE/AC	\$31,156	\$47,212	\$60,435	\$62,709	\$63,091	\$64,646	\$100,020
PROPERTY RIGHTS	0	0	0	0	0	0	0
FINANCING TERMS	0	0	0	0	0	0	0
CONDITIONS OF SALE	0	0	0	0	0	0	0
MARKET CONDITIONS	25%	75%	75%	75%	75%	100%	0%
INDICATED VALUE/AC	\$38,945	\$82,621	\$105,762	\$109,741	\$110,410	\$129,293	\$100,020
GENERAL LOCATION	0	0	0	0	0	0	0
SPECIFIC LOCATION	-	++	-	-	-	-	0
ACCESS	0	+	0	0	0	0	0
SIZE	0	0	0/-	0/-	0/-	-	-
ZONING	0	+	0	0	0	0	+
OCEAN FRONTAGE	++	0	0	0	0	0	0
OCEAN VIEW	+	+	+	+	+	+	+
TOPOGRAPHY	0	0	0	0	0	+	0
UTILITIES	0	+	0	0	0	0	0
GOVT APPROVALS	+	+	+	+	+	+	+
OVERALL ADJUSTMENT	+	+	+	+	+	+	+
	Greater	Greater	Greater	Greater	Greater	Greater	Greater
INDICATED VALUE/AC	\$38,945	\$82,621	\$105,762	\$109,741	\$110,410	\$129,293	\$100,020

NOTE 1: (-) represents superior, thus downward adjustment;
(+) represents inferior, thus upward adjustment; and
(o) represents similar, thus no adjustment.

NOTE 2: Not all adjustments are equally weighted; therefore, on superior characteristics of a comparable may outweigh an inferior characteristic of that comparable.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The subject site is entitled. To the best of our knowledge and research, no large parcel has sold within México beachfront resort communities that have been fully entitled. Therefore, there really are no comparable sales in the market. Most land purchases have been unentitled land where the buyers are currently entitling the land to resell or develop.

However, there have been large parcels that were not fully entitled that have sold. The above shows these sales. While some of these sales are located in superior locations, the value added of being fully entitled shows that the subject would sell for more than these sites. The comparables, if fully entitled, would also sell for much higher prices than they did unentitled as shown.

The Sales Comparison Approach, because a lack of data of entitled land, is deemed to not be a reliable indication of value.

Further, we have conducted limited researched in areas of California and Hawaii for beachfront real estate. In Hawaii, prices are much higher, while California is mostly built out having very limited data. Home prices in California far exceed Los Cabos. Therefore, while it is difficult to show an upper limit, there are other areas, such as California that the similar buyer as Los Cabos purchases in that are well above the value conclusions in this report. This data is contained within our work files. The reader is referred to the conclusion summary in the beginning of this report.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ESTIMATED EXPOSURE AND MARKETING TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

It is our opinion that the estimated exposure and marketing time of between 6 months and 2 years. This time period is based on sales data and current market conditions. Information derived through discussions with local real estate professionals active in the Baja land market. This estimated exposure and marketing time is subject to a marketable title and economic conditions.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

QUALIFICATIONS OF BRUCE D. GREENBERG

Bruce Greenberg has been a real estate appraiser in Tucson since 1971 and established his own practice in 1981. Over the past thirty-one years, Mr. Greenberg has provided appraisal and consultation services for the real estate community, financial institutions, the legal profession, governmental agencies and the general public. For several years, Mr. Greenberg has been lecturing real estate professionals as well as others concerned with Mexican real estate transactions.

Mr. Greenberg serves on the Business Finance/Legal committee of the Arizona Mexico Commission. Additionally, Mr. Greenberg was recently appointed to the Arizona Task Force on Mexican Real Estate by Arizona Governor Jane Dee Hull. The goal of this task force is to resolve and deter real estate conflicts in Sonora, Mexico. Mr. Greenberg consults with the National Law Center for Inter-American Free Trade as a committee member for the Binational Committee to assist in the securitization of mortgages and timeshares in cooperation with the State of Sonora, Mexico. He is also a member of Multi-List, the Cabo San Lucas Multiple Listing Service as well as the Mexican Association of Real Estate Professionals (A.M.P.I.).

Bruce D. Greenberg has real estate appraisal and consulting offices in Tucson, Arizona, and San Jose del Cabo, Baja California Sur. Mr. Greenberg has received his work permit, the FM3, from the Government of Mexico to perform valuation assignments to assist North American clients and is incorporated in Mexico under the name of Valuaciones Montaña Verde, S.A. de C.V.

Bruce D. Greenberg, MAI, SRA, ASA

Bruce D. Greenberg, Inc and Valuaciones Montana Verde, S.A. de C.V. based in Tucson, Arizona is one of the most active bilateral, binational appraisal/valuation consulting groups providing services in Mexico.

Mr. Greenberg is an active participant with the Mortgage Securitization program being conducted by the National Law Center for Inter-American Free Trade (NLCIFT). Bruce is the principal appraiser for Bruce D. Greenberg, Incorporated in Tucson, Arizona and Valuaciones Montaña Verde, S.A. de C.V. Mr. Greenberg was selected by former Arizona Governor Jane D. Hull as a member of her Task Force addressing consumer guidelines in the acquisition of real estate in Sonora. Governor Janet Napolitano also asked Bruce to serve on the Real Estate Ad-hoc Committee under the auspices of the Arizona-Mexico Commission. He is also a member of the Financial, Business and Legal Services Committee. Mr. Greenberg has the FM-3 work permit from the Mexican Federal Government. He is a member of the Asociacion Mexicana de Profesionales Inmobiliarios, A.C. (AMPI) of Los Cabos, Nayarit and Puerto Peñasco sections and is also a member of the MultiList organizations of Los Cabos, Puerto Vallarta and Puerto Peñasco. Bruce is registered within the State of Sonora as a real estate professional.

Mr. Greenberg has been communicating for many years with Carlos Gutierrez Ruiz of Conafovi and Dr. Guillermo Babatz Torres of Sociedad Hipotecaria Federal in the reform of appraisal valuation practices in Mexico. As Mexico continues to sell its mortgage bank securities to global

M975-08 Montana Verde/Bruce D. Greenberg Inc.

financial institutions, Bruce has emphasized that professionally conducted appraisals must be prepared meeting the Uniform Standards of Professional Appraisal Practice (USPAP) of the United States, Mexico's Sociedad Hipotecaria Federal standards, and the Valuation Standards set forth by the International Valuation Standards Committee.

Mr. Greenberg recognizes and addresses both in speaking engagements and his valuation work the "major hurdles" identified by global mortgage lenders including Mexico's political instability, the peso devaluation, capital gains/tax issues, corruption and bribes, title issues and the lack of verifiable sales data. According to Greenberg, these risks no longer exist and in fact are contradicted by the benefits of Mexico including: familiar consumer amenities, proximity, weather, appeal, hospitality, quality of construction, volume of business and solid value for the dollar.

Mr. Greenberg, who has been appraising in Mexico for the past ten years, has insisted the use of confirmed comparable sales data and other traditional appraisal methodology to provide Wall Street and other global lenders valuation documents which are self-contained with market abstracted data.

Mr. Greenberg has established relationships with the leading real estate agencies, developers and governmental officials in Mexico in order to abstract the needed data to competently meet the needs of the mortgage and banking communities.

PROFESSIONAL EXPERIENCE:

1981 - Present	President, Bruce D. Greenberg, Inc., Real Estate Appraisers and Consultants
1970 - 1980	Independent Fee Appraiser and Researcher, Sanders K. Solot and Associates, Real Estate Appraisers and Consultants

PROFESSIONAL ASSOCIATIONS:

Former Arizona Governor, Jane D. Hull, selected him as a member of her Task Force addressing Consumer Protection guidelines in the acquisition of Real Estate in Sonora. Governor Janet Napolitano appointed him to serve on the Committee on Real Estate Practices, Investment & Development for the Arizona-Mexico Commission. Mr. Greenberg is a registered Real Estate Professional in the State of Sonora, Mexico. He is a member of the Finance Real Estate Legal Committee of the Arizona-Mexico Commission and a member of the National Law Center of Inter-American Free Trade. Mr. Greenberg is a partner in International Consulting Service, a Mexican due diligence firm and has recently been asked to join the Alpha Group, a consortium of business/real estate professionals in Arizona and Sonora. Mr. Greenberg has the FM-3 work permit from the Mexican Federal Government from his Valuaciones Montana Verde, SA de CV, a Mexican corporation. He is a member of the Asociacion Mexicana de Profesionales Inmobiliarios, A.C. (A.M.P.I.) and is also a member of the MultiList organizations of Los Cabos, Puerto Vallarta and Puerto Peñasco.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

SCOPE OF PRACTICE:

The practice is classified into the following major categories:

Mortgage Loan Valuations, Litigation and Eminent Domain and Counseling/Consultation

APPRAISAL EDUCATION

Appraisal Institute courses attended and successfully completed, as follows:

“Basic Principles, Methods, and Techniques,” 1973

“Urban Properties,” 1975

“Condemnation,” 1977

“Capitalization Theory and Techniques,” 1977

“Standards of Professional Practice”/USPAP, Parts A and B, 1995

“Standards of Professional Practice”/USPAP, Part C, 1996 & 2000

Society of Real Estate Appraisers courses attended and successfully completed, as follows:

“An Introduction to Appraising Real Property,” 1971

“Principles of Income Property Appraising,” 1974

“Single Family Residential Examination,” 1974

“Narrative Report Writing Seminar,” 1974

“Specific Applications of Appraisal Analysis,” 1984

Examples of Seminars and Classes taught:

Hogan School of Real Estate

“How Stigmas Affect Property”

“How To’s of Buying, Owning & Selling Mexican Real Estate”

Brodsky School of Real Estate

“Disclosures for Stigmatized Properties”

Arizona School of Real Estate and Business

“Real Estate Valuation in Mexico”

“Appraisal Process”

Federal Aviation Conference in Kansas City

“Real Estate Appraising “Inside the Fence”

Arizona Bar Association, Pima County

“Stigmatized Properties”

National Association of Residential Property Managers, State Conference

“Environmental Issues that Face the Real Estate Industry”

Sociedad Hipotecaria Federal (SHF)

“The importance in the market of Appraisals and Development of Housing”

Examples of Recent Seminars and Classes attended:

Soil Remediation: “Standards, Approaches, and Innovative Technologies”

“Environment Laws”

“Real Estate Development”

M975-08 Montana Verde/Bruce D. Greenberg Inc.

“Valuation of Stigmatized Properties & Unconventional Residential Homes”
“1997 Real Estate Forecast”
Civano, “A Case Study in Progress”
“Disclosures for Stigmatized Properties”
“Appraisal Seminar, Environmental Issues”
“Acquisition and Appraisal of State Lands”
“Tucson in Review, A Forum”, 1998
Arizona Mexico Commission, “Summer Plenary Session”, 1999
“Agency Disclosure”, 1999
“Fair Housing in Property Management”, 1999
“Attacking & Defending an Appraisal in Litigation”, 2000
“International Airport Noise Symposium”, 2000
Metro Pima Alliance, “The Great Growth Dilemma”, 2000
Arizona Mexico Commission, “Annual Plenary Session”, 2001
“Microbial Abatement Practices and Procedures”
“Overview & Impact on Business and Building Owners”, 2001
“Writing the Contract with Confidence”, 2001
“Listing the Buyer”, 2001
“Fair Housing in Property Management”, 2001
“Real Estate in Mexico”, 2001
“Real Estate Broker Liability in Arizona”, 2001
Arizona Airport Association, “FAA Seminar and Aviation Issues”, 2001
“Competing in the New Economy”, 2001
“The Challenge of the New Global Market Place”
Arizona State Land Trust Lands: “Reforming a 90 year old Mandate”, 2001
“The Role of a Professional Engineer in a Construction Defect Case”, 2002
“Disclosure Law Instructor Development Workshop”, 2002
“Real Estate in Mexico”, 2002
“The Appraisal of Real Estate Conference”, 2002
“The Intersection of Land and Water: Implication of the Groundwater Management Act for the Real Estate Practitioner” 2003
“NAR Resort Symposium & Workshop”, 2003
“ALTA/ACSM Land Title Surveys/Requirements and Common Questions”, 2003
“2003 Real Estate Update/Forecast”, 2003
“Appraisal Disclosure Issue”, 2003
“The Production Builder-Current Issues for 2003”, 2003
“Real Estate In Mexico”, 2003
“There’s Still Mold in Them Hills”, 2003
“Uniform Standards of Professional Appraisal Practices”, 2004
“Current Insurance Issues Affecting Commercial Leases”, 2004
“State Lands- an Emerging Market: The Law and History of the State Land Trust and the Process of Acquiring State Lands”, 2004
“Full Disclosure & how Stigmas Affecting Value”, 2004
“Water in Arizona: Laws, Agencies & Issues”, 2004

M975-08 Montana Verde/Bruce D. Greenberg Inc.

“Pima County Real Estate Research Council Annual Meeting”, 2004
“2004 Real Estate Forecast”, 2004
“Mold Litigation”, 2004
“Real Estate in Mexico”, 2004
“Appraisal Valuation & Current Economic Trends”, 2004
“How To’s of Buying, Owning & Selling Mexican Real Estate”, 2004
“The Code of Ethics in 21st Century Arizona”, 2004
“Partnership for Prosperity: Construction and Development of Housing”, 2004

Articles Published:

Arizona Journal of Real Estate & Business

“Appraising Real Property in Mexico”
“Rocky Point Overview”
“Rocky Point Update”
“The Good, The Bad and The Ugly”
“San Carlos Residential Overview”
“Licensing Real Estate Agents in Mexico”
“Professional Conduct and the Need for Disclosure”
“Stigma and Disclosure: What’s Your Risk/The Appraiser’s Perception”
“We Are on the Same Team”
“The Appraisal of Real Estate, Inside the Fence”
“What Type of Value”
“The Appraiser’s Crystal Ball”

Arizona-Mexico Journal

“Appraising Real Estate Property in Mexico”
“Puerto Peñasco Real Estate Development”

Inter-American Trade Report

“Mexico: THE APPRAISAL VALUATION PROCESS”

Mexico Real Estate & Travel

“The Beat Goes On”
“Appraising Real Property in Mexico”
“Mexico: Would a change in the appraisal process enhance housing development markets?”
“The Benefits of Ford Motor Company”
“The importance of the appraisal valuation process in the development of housing in the mortgage marketplace”
in Mexico.
“Why an Appraisal In Mexico?”
“Acquiring Real Estate in Mexico”
“Mexico Real Estate Update”
“Valuation: The Linchpin”
“Leaving your Brain at the Border”
“Orchestrating a Change in Real Estate”
“Sonora Real Estate Update”
“We Are One Industry”

M975-08 Montana Verde/Bruce D. Greenberg Inc.

“Why Mexico”

“The State of Sonora’s Committee on Real Estate”

M975-08 Montana Verde/Bruce D. Greenberg Inc.

QUALIFICATIONS OF BYRON BRIDGES

State of Arizona Certified General Real Estate Appraiser, Certificate #31173

PROFESSIONAL EXPERIENCE

2001 to present Bruce D. Greenberg, Inc., Analyst and Consultant

1997 - 2000 CB Richard Ellis, Inc.

FORMAL EDUCATION

Bachelor of Science, University of Arizona, Regional Development/Planning major

Bachelor of Science in Business Administration, University of Arizona, Entrepreneurship major

RECENT SEMINARS

- | | |
|------|--|
| 2007 | <ul style="list-style-type: none">• <i>Uniform Standards of Professional Appraisal Practice, update</i>• <i>Various continuing education courses</i> |
| 2005 | <ul style="list-style-type: none">• <i>Uniform Standards of Professional Appraisal Practice, update</i>• <i>Various continuing education courses</i> |
| 2003 | <ul style="list-style-type: none">• <i>Uniform Standards of Professional Appraisal Practice</i>• <i>Real Valuation Course 102</i>• <i>Real Valuation Course 103</i>• <i>Real Valuation Course 104 (Part 1)</i>• <i>Real Valuation Course 102(Part 2)</i> |
| 2001 | <ul style="list-style-type: none">• <i>RLS 252 - Advanced Appraisal Techniques</i> |
| 2000 | <ul style="list-style-type: none">• <i>RLS 202 - Real Estate Appraisals</i> |

Mr. Bridges has passed his General Appraisers Certification Examination set forth by the State of Arizona Board of Appraisers, Certificate Number 31173 and is certified through September 30, 2009. Mr. Bridges is experienced in the appraisal of both residential and commercial properties and specializes in single- and multi-tenant industrial, retail, and office facilities, and conventional multifamily projects as well as residential and commercial properties in Mexico. Assignments have been completed in Arizona and in major beach front communities in Mexico.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

ADDENDUM

M975-08 Montana Verde/Bruce D. Greenberg Inc.



M975-08 Montana Verde/Bruce D. Greenberg Inc.





Summary of Zoning Uses and Density

(Interpreted by Eduardo Romo, ACERO)

Note: Zoning Use and Density restrictions applicable to the Diamante South project site are highlighted.

Tourist Hotel (I TIE)

This secondary zone includes areas of beaches and/or of spectacular views, obtaining the maximum advantage for tourist potential. Also, they are distributed and located in such areas that offer the maximum of comfort and security, benefitting the development from activity in this economic, high-priority sector for the Region of the Cabos.

The hotel tourist zonificación, depending on its location is divided in two ranks defined by density in quarters by hectare (ctos/ha), accompanied with restrictions by height and free area in each case and of that form to define an agreed upon urban image with the physical characteristics of each zone.

AT0

Low Density, proposal throughout the coast from the Bay of Terranova until False Cape, passing by the bays of San Jose of Cabo and San Lucas.

General Advantage

Hotels, condo-hotels and condominiums.

The intention is to establish the use of the hotel grounds, condo-hotel and condominium with a category of the service of 5 stars and greater along with the allocation of integrated services.

Allowed Uses and Density

Hotels, condo-hotels, and vertical condominiums.

In this zone the maximum surface area that can be constructed (C.U.S.) is equivalent to 0.6 times the total surface of the lot, being able to occupy at the most, 0.5 times the surface of land (C.O.S.). The allowable height of structures, excluding water storage containers or its enclosure, nor elevator mechanical enclosures, is up to 4 levels or 14.0 meters (m).

The construction setback restrictions include 10 ms. along the front of the lot, 10 ms. in the area adjoining the Marine Federal Zone Terrestrial, and 20% of the length of the front of the lot for lateral restrictions. In no case, shall the total lateral restrictions will be greater to 24 meters.

Minimum requirements for parking related to hotels is one space for each three rooms, and time-share condominiums are one parking space for each 75m2 of constructed space.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

Construction for commercial purposes is allowed on 10,000 m² of minimum land area. The constructed area Maxima (C.U.S.) will be of 0.6 times the area of the land, being able to occupy at the most 0.5 times the surface of the lot, (C.Or.S.). The peak elevation of structures excluding water storage containers and their enclosures, will be of 2 levels or 7 ms. The setback restrictions for construction are 10 ms. along the front of the lot, 10 ms. in the area adjoining the Terrestrial Marine Federal Zone and 20% of the length of the front of the lot for lateral restrictions. In no case, shall the total lateral restrictions be greater to 24 meters.

Uses and Density Conditional

Residential tourist, villas, horizontal suites, residential joint condominiums and, being able to construct (C. at the most U.S.) up to 0.6 times the surface area of the lot. Maximum surface area of occupation (C.Or.S.) is 0.5 times the total surface of the estate.

The height of structures shall not exceed, excluding water storage units and their enclosures, 3 levels or 10 ms.

The lots must have a frontage of not less than 20 ms. The setback restrictions include 10 ms. along the front of the lot, 10 ms. in the areas adjoining the Marine Federal Zone Terrestrial, and 20% of the length of the front of the lot for lateral restrictions. In no case, shall the total lateral restrictions be greater than 24 meters.

Minimum parking requirements include one parking space for each 150 m² of constructed surface.

PTI

Integral Tourist Project areas are those that due to their particular characteristics are subject to a special regulations as is the case in the zone of San Jose del Cabo, Navy and the beach of Cabo San Lucas, among others.

DTI

Integral Tourist Development areas are those where development will be able to occur in all tourist zones, as long as they comply with the characteristics determined in the section of Policies and with the regulations established by the Plan Director; in these cases, the uses of ground for the urban development, is unified according to table 3.3, DTIs.

Tourist Residential (RT)

These areas consist of established zones near areas of recreational tourism with small attractive beaches and little capacity for visitors. This zone complements the hotelkeeper, accommodating the maximum tourist potential by providing a population of compatible

M975-08 Montana Verde/Bruce D. Greenberg Inc.

residences and condominium use. This zone is restricted two ways as defined by density in houses by hectare (viv/ha), accompanied with restrictions by height and open area in each case.

Of such form the tourist-residential zone secondary is conformed by:

RT0

Low Density: This Tourist Zone runs throughout the coast and occupies the area from the bay Terranova to Cabo Falso, between the Boulevard Transpeninsular (Carr. Transpeninsular) and the proposed wagon Libramiento.

General Advantage

Residences, horizontal villas, suites, residential joint condominiums, and stop-stays of greater duration than the hotels. This zone proposes to establish conditions adapted for the development of house to unfamiliar residential, residential villas and suites.

Allowed Uses and Density

Residential, tourist, villas, and suites. Allowing a house within each lot with a minimum surface of 400 m² and/or a house in each 400 m² of land surface, being able to construct (C. at the most U.S.) up to 0.6 times the surface area of the lot. The maximum surface area of occupation (C.Or.S.) is 0.5 times the total surface of the estate.

The height of the structures cannot exceed 2 levels or 7 ms, excluding water storage units and their enclosures.

All the lots must have frontage of at least 14 ms. The setback restrictions include 5 ms. from the front of the lot, 10 ms. in the areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral restrictions. In no case, shall the lateral restrictions be greater than 24 meters.

The minimum requirements for parking per m² of constructed surface is a space for each 150 m² and/or for each house.

Residential and horizontal condominiums are allowed in lands with a minimum surface area of 4.000 m², and the structures are allowed to occupy (C. at the most U.S.) up to 0.6 times the surface of the lot. The maximum area of surface occupation (C.Or.S.) is 0.5 times the total surface area of the estate.

The height of the structures cannot exceed 2 levels or 7 ms, excluding the water storage units and their enclosures.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

All the lots must have a frontage of at least 14 ms. The setback restrictions include 5 ms. along the front of the lot, 10 ms. in areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral restrictions. In no case, shall the total of the lateral restrictions be greater than 24 meters.

The minimum requirements of parking are a space for each 150 m² of constructed surface and/or for each house.

The zone allows the construction of commercial uses on land with a minimum of surface area of 3,000 m². The maximum permissible constructed area (C.U.S.) is 0.6 times the area of the land, being able to occupy at the most 0.5 times the total surface of the lot (C.Or.S.).

The peak elevation of structures, excluding water storage units and their enclosures, is 2 levels or 7 ms.

The setback restrictions for structures include 10 ms. along the front of the lot, 10 ms. in areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral restrictions. In no case, shall the total of the lateral restrictions be greater to 24 meters.

Uses and Density Conditional

Condominiums horizontals, hotels and condo-hotels.

In this zone, projects are allowed that fulfill the established purpose of the Secretariat of Tourism for hotels and condo-hotels of 4 stars.

The site must have a minimum land surface area of greater than

4000 m². The maximum surface area that can be constructed upon (C.U.S.) is equivalent to 0.6 times the total surface of the lot, being able to occupy at the most, 0.5 times the total surface of the land (C.Or.S.).

The height of the structures, excluding water storage units and their enclosures, and elevator houses, cannot exceed 3 levels or 10.0 m.

The setback restrictions include 10 ms along the front of the lot, 10 ms in the area adjoining the Federal Zone, and 20% of the lot frontage for lateral setbacks. In no case shall the lateral restrictions be greater than 24 meters.

The minimum requirements for hotels include a parking space for every 3 rooms, and for condo-hotels, 1 space for each 75 m² of constructed area.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

This zone allows the installation of parks for rolling houses. The maximum surface that can be constructed (C.U.S.) counting parking is 0.25 times of the total surface area of the lot, being able to occupy at the most 0.25 times the total surface of the land (C.Or.S.). The height of the structures, excluding water storage units and their enclosures, shall not exceed 1 level or 4.0 m.

The setback restrictions include 10 ms along the front of the lot, 10 ms in the areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral setbacks. In no case, shall the lateral restrictions be greater to 24 meters.

The minimum requirement for parking is a space for each projected rolling house.

RT1

Average Density: This zone establishes in Cabo San Lucas, specifically the division in the Pedregal. Owing to the previously reviewed partial plans authorized by the Plan Director.

General Advantage

Residences, horizontal villas, suites, residential joint condominiums, and for stays of greater duration than hotels.

The intention is to promote the development of residential homes, villas, horizontal condominiums and suites that promote the tourism of long stay national as much as foreign.

Allowed Uses and Density

Residential tourist of low density, residential villas, suites, sets and horizontal condominiums, allowing a house for each lot of 400 m2 of minimum surface and/or a house for each 400 m2 of land surface, being able to construct (C. at the most U.S.) up to 0.6 times the surface area of the lot. The maximum surface of occupation (C.Or.S.) is 0.5 times total surface of the estate.

The height of the structures shall not exceed, excluding water tower units and their enclosures, 2 levels or 7 ms.

All lots must have frontage of at least 14 ms. The setback restrictions include 5 ms. along the front of the lot, 10 ms. in the areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral setbacks. In no case shall the lateral setbacks be greater to 24 meters.

The minimum requirements for parking is a space for each 150 m2 and/or for each room.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The zone allows the construction of commercial land with a minimum surface of 3.000 m². The maximum permissible constructed area (C.U.S.) is 0.6 times the area of the land, with the ability to occupy at the most, 0.5 times the total surface of the lot (C.Or.S.).

The peak elevation of structures, excluding water storage units, is 2 levels or 7 ms.

The setback restrictions include 10 ms along the front of the lot, 10 ms in areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral restrictions. In no case shall the total lateral restrictions be greater than 24 meters.

Uses and Density Conditional

Hotels and condo-hotels.

In this zone projects are allowed that fulfill the goals established by the Secretariat of Tourism for hotels and condo-hotels of 4 stars.

The maximum surface that can be constructed (C.U.S.) upon is equivalent to 0.6 times the total surface of the lot, with the ability to occupy a maximum of 0.5 times the total surface of land (C.Or.S.).

The height of the structures, excluding water storage units and houses for elevators, shall not exceed of 4 levels or 14.0 m.

The setback restrictions include 10 ms along the front of the lot, 10 ms in the areas adjoining the Federal Zone, and 20% of the frontage of the lot for lateral restrictions. In no case shall the lateral restrictions be greater than 24 meters.

The minimum requirements for parking for hotels is a space for each 3 rooms, whereas for condo-hotels is 1 space for each 75m² of construction.

The zone allows the installation of parks for rolling houses of occupation. The maximum surface area that can be constructed (C.U.S.) counting parking is 0.25 times the total surface of the lot, with the ability to occupy a maximum 0.25 times the total surface of the land (C.Or.S.).

The height of the structures, excluding water storage units, shall not have to exceed 1 level or 4.0 m.

The setback restrictions include 5 ms along the front of the lot and 10 ms in the areas adjoining the Federal Zone.

M975-08 Montana Verde/Bruce D. Greenberg Inc.

The minimum requirements for parking include a space for each rolling house proposed.

H1

Low Density is specified in four zones: In San Jose of the Cabo, the first two are northwest of the development "Polygon 3"; the third corresponds to Supermanzana X and; the fourth is in the area of the Balconies and their adjacent part to the northwest of the same area in Cabo San Lucas.

General Advantage

Habitational Single-Family, Offices and doctor's offices integrated to the house.

Allowed Uses and Density

A house will be able to be constructed on a minimum lot of 300 m2 of surface area. The allowable peak elevation, excluding water storage units, is 2 levels or 7.0 m. The structure may occupy at the most 0.6 times total surface of lot (C.Or.S.). The structures may have at the most a constructed surface (C.U.S.) equivalent to 1.0 times the surface of lot. A strip of 5 free ms of construction along all of the front of the lot will be left open, and a minimum of one parking space for each 100 m2 constructed shall be provided. All the lots will have frontage of at least 12 ms.

Uses and Density Conditional

Habitational sets, will be able to occupy at the most, 0.6 times the total surface of lot (C.Or.S.), with a constructed maximum surface area (C.U.S.) does not exceed 1.0 times the area total of the lot. The peak elevation shall not exceed 3 levels or 10.0 m. A strip of land, 5 ms., shall be left free of structures along the front of the lot. A minimum of one parking space shall be provided for each 60m2 of structure.

Also allowed is the installation of doctor's offices and offices integrated to the house when they do not exceed 30 m2 in construction. A peak elevation, excluding water storage units, 2 levels or 7.0 m is allowed. The structure may occupy a maximum of 0.6 times the total surface of lot (C.Or.S.). The structures may have a maximum surface area of construction (C.U.S.) equivalent to 1.0 times the surface of the lot. A strip of land 5 ms in width shall be left free of structures along the front of the lot, and at a minimum, one parking space shall be provided for each 150m2 of constructed structure, and two areas services intergral to the house. All lots shall have minimum frontage of 12 ms.

M975-08 Montana Verde/Bruce D. Greenberg Inc.



**DIRECCION GENERAL DE PLANEACION,
DESARROLLO URBANO Y ECOLOGIA
DIRECCION MUNICIPAL DE PLANEACION URBANA**

"2007, 160 Aniversario de la Gesta Heroica de los Niños Héroes de Chapultepec"
y "150 Aniversario de la Constitución de 1857"

NO. OFICIO: ST/569/PU/2007. FOLIO: 1270/07
ASUNTO: AUTORIZACION DE SUPERVISION TECNICA.

San José del Cabo, B.C.S., a 07 de Noviembre de 2007.

DIAMANTE CABO SAN LUCAS, S. DE R.L. DE C.V.
AT'N: ARQ. JESUS EDUARDO ROMO CARRILLO-D.R.O.119
PRESENTE.

En atención a su oficio sin número, recibido en esta Dirección y a través del cual solicita la Autorización para llevar a cabo la Construcción de 5 casas modelo denominadas "Golf Villas" a ubicarse en la Zona Costa del Pacifico dentro del Proyecto integral "Diamante Cabo San Lucas" (Polígono 1 del Predio La Laguna -El Cardonal) en Cabo San Lucas, Municipio de Los Cabos, Baja California Sur. Clave catastral No. 402-013-0001. Con Superficie de: 5,288,849.427 M².

Antecedentes:

- I. Copia de Escritura Pública No. 65,036, Volumen 1026 de fecha 10 de Marzo del 2006.
- II. Copia identificación del Propietario
- III. Copia del pago de Predial 2007
- IV. Planos del proyecto

Esta Dirección de acuerdo a los criterios empleados en el Plan Director de Desarrollo Urbano para las Ciudades de San José del Cabo - Cabo San Lucas, Baja California Sur y con base a Supervisión Técnica. Otorga Dictamen Favorable al proyecto antes mencionado, de acuerdo con el siguiente cuadro resumen de áreas:

CONSTRUCCION	Superficie M ²	Superficie Total M ²
Sup. Del Lote	-----	5,288,849.427 M ² .
Uso de Suelo	AT-0 (Residencial Turístico)	Villas/Condominial
Coefficiente de Uso de Suelo (CUS)	0.6 (3,173,309.66 M ² .)	3,280.39 M ²
Coefficiente de Ocupación de Suelo (COS)	0.5 (2,644,424.72 M ² .)	3,108.83 M ² .
Altura total máxima Mts.	7.00 M.	8.46 Mts. A pretilas
Niveles	2	2 niveles
Restricciones de Construcción	10.00 Mts frente y 20% frente laterales	1,556.74 Mts frente, 1,191.50 Mts lateral derecho, 1,488.44 Mts lateral izquierdo y 497.43 Mts de fondo
Uso de Franja sujeta a restricción	Estacionamiento / Jardín	Estacionamiento/Jardín
Requerimiento de Estacionamiento	1 C/75 M2	10 cajones
Frente Mínimo Lote	20.00 Mts	2738.00 Mts con vialidad de acceso
Restricciones Z.F.M.T.	-----	-----

Cuenta con Licencia No. 01576-SJC-01/LIC de fecha 14/08/2007 Villa Tipo 1: 605.35 M2 (1 nivel) Villa Tipo 2: 617.49 M2 (1 nivel) Villa tipo 3: P.B. : 634.25 M2 P.A.: 85.78 M2 (2 niveles) Total: 720.03 M2

sin otro particular de momento, quedo de Usted.

A T E N T A M E N T E :
DIRECCIÓN GENERAL DE DESARROLLO URBANO, PLANEACION URBANA Y ECOLOGÍA
DIRECTOR MUNICIPAL DE PLANEACIÓN URBANA

ING. JOSE MANUEL CURIEL CASTRO

ARQ. JOSE LUIS CORTES GONZALEZ

C.c.p. Licencias de Construcción

DIRECCION MUNICIPAL DE
PLANEACION URBANA

Carretera Transpeninsular, Col. 8 de Octubre, Edificio Pedrín, 3er Piso, C.P. 23400,
San José del Cabo B.C.S. México, Tel. (624) 142-07-90, Tel-Fax: (624) 142-19-24